

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

29 June 2016

Report of the Chief Executive, Director of Finance and Transformation, Leader of the Council and Cabinet Member for Finance, Innovation and Property

Part 1- Public

Executive Non Key Decisions

1 REVENUE AND CAPITAL OUTTURN 2015/16

In accordance with the Council's Financial Procedure Rules we present a report and accompanying information detailing actual Revenue and Capital Outturn for the year ended 31 March 2016. We also present for consideration our recommendations, formulated in conjunction with Management Team, regarding potential adjustments to the Accounts in light of the Outturn position.

1.1 Introduction

1.1.1 A detailed statement of the revenue and capital outturn position for the year 2015/16 is provided in the attached booklet 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 2015/16 were highlighted in the notes to the Annual Estimate papers presented to Members during the 2016/17 budget cycle.

1.1.2 In accordance with the Council's constitutional arrangements 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 2015/16 will be presented to the **Audit Committee** for **approval**. The Director of Finance and Transformation will be presenting the Statement of Accounts to the Audit Committee on 20 June.

1.2 Overall Revenue Position

1.2.1 Members are to be advised that overall, the revenue outturn is within budget to the sum of £294,629 with a contribution to the General Revenue Reserve of £369,029 compared with the Revised Estimate figure of £74,400.

1.2.2 The favourable variance can in large part be attributed to a wide range of individual service budgets, together with management savings on the salary bill offset by the shortfall to be met by the Council under the Business Rates

Retention scheme. A more detailed analysis of the principal reasons for the favourable variance can be found in the table below.

- 1.2.3 We have as part of the closedown process undertaken a review of the specific earmarked reserves held by the Council. As a result of this review and in liaison with Management Team Cabinet is asked to endorse that no adjustments be made to specific earmarked reserves at this time.
- 1.2.4 As mentioned above, measured against the Revised Estimate the outturn position is within budget to the sum of £294,629. The principal reasons for the favourable variance are given in the table below.

Description	Revised Estimate 2015/16 £	Provisional Outturn 2015/16 £	Variation £
Business Rates Retention Scheme	(1,974,625)	(1,840,141)	134,484
Departmental Admin – Legal Expenses	22,000	77,783	55,783
Termination Payments	345,550	380,738	35,188
Summons Costs Recovered	(250,000)	(275,028)	(25,028)
Housing Benefits (exc. M & A Recharges)	(188,250)	(213,537)	(25,287)
Development Control (exc. M & A Recharges)	(635,000)	(661,108)	(26,108)
Summary – Govt. Grants & Revenue Adjs.	(3,110,900)	(3,139,904)	(29,004)
Refuse, Recycling & Green Waste Collection Contract	2,425,250	2,391,999	(33,251)
Departmental Admin (exc. Legal Expenses & Partnership Receipts)	317,250	281,404	(35,846)
Interest on Investments and Cash Flow	(190,000)	(226,087)	(36,087)
Salary Monitoring Statement	9,503,550	9,387,974	(115,576)
Other Net Changes	2,455,076	2,261,179	(193,897)
Total	8,719,901	8,425,272	(294,629)

- 1.2.5 **[Annex 1]** provides details of Service specific issues in respect of the revenue outturn for 2015/16.

1.3 Capital Plan

- 1.3.1 A detailed draft outturn position was presented to the Finance, Innovation and Property Advisory Board on 1 June 2016 which showed actual net expenditure of £1,341,000 (including the purchase of a vehicle at a cost of £31,000 and subject to an insurance claim) against a budget provision of £2,025,000.
- 1.3.2 Factors that contributed to the net underspend are given below.
- Capital renewals budgets totalling £686,000 with actual capital renewals expenditure totalling £429,000. Capital renewals provisions reflect predictions as to when assets will need to be replaced. The net underspend can largely be attributed to a lower than anticipated spend on

capital renewals at our leisure facilities and in respect of information technology.

- The very nature of capital expenditure can see the rescheduling, reprofiling and review of future budgetary provision. Budget provisions that are to be rescheduled, reprofiled or subject to review include Disabled Facilities Grants – net underspend £214,000; Discretionary Housing Assistance – net underspend £103,000; and Improvement programme for existing car parks – underspend £38,000.

1.3.3 **[Annex 2]** provides details of Service specific issues in respect of the capital outturn for 2015/16.

1.4 Treasury Management and Investment Strategy Review

1.4.1 The Council adopted the December 2009 edition of the Chartered Institute of Public Finance and Accountancy Treasury Management Code of Practice and Cross-Sectoral Guidance Notes on 18 February 2010 and due regard has also been given to subsequent revisions to the Code. The Code requires an annual review report of the previous year to be presented and endorsed by Members. To comply with the Code an annual review report for the year 2015/16, attached at **[Annex 3]**, was considered by the Audit Committee at its meeting on 20 June. **As this is a technical document, if Members have any questions, could we please ask that you contact Michael Withey on extension 6103 in advance of the meeting.**

1.5 Balances and Reserves

1.5.1 **[Annex 4]** Table 1 shows the movement on the Special Projects Reserve.

1.5.2 **[Annex 4]** Table 2 details the movement on Other Earmarked Reserves.

1.5.3 **[Annex 4]** Table 3 gives details of some revenue adjustments agreed by the Director of Finance and Transformation during the closedown process.

1.5.4 The Council is required to have regard to the level of its balances and reserves before making decisions concerning its finances. The Council's General Fund working balance is set at £1,250,000 and this sum is considered appropriate for an authority of our size and scale. The position in respect of the Council's General Revenue Reserve is given below.

General Revenue Reserve		
	£	£
Balance at 1 April 2015		4,670,925
Contribution to / (from) Reserve		369,029
Balance at 31 March 2016		5,039,954

1.5.5 The Medium Term Financial Strategy anticipated a General Revenue Reserve balance at 31 March 2016 of £4,745,000.

1.6 Audit Committee

1.6.1 As mentioned earlier, a copy of the Statement of Accounts for 2015/16 (unaudited) is to be presented to the Audit Committee for approval on 20 June. The Accounts reflect the revenue and capital outturn position as detailed in this report and accompanying information, together with the subsequent recommendations as appropriate.

1.7 Legal Implications

1.7.1 There are a number of legislative requirements to consider as we move through the closedown process, and prepare and publish the Statement of Accounts.

1.8 Financial and Value for Money Considerations

1.8.1 As set out above.

1.9 Risk Assessment

1.9.1 The compilation and presentation of the revenue and capital outturn forms part of the closedown process, leading to the preparation and publication of the Statement of Accounts which is a statutory document. Failure to prepare and publish the Accounts within the statutory timescale and in accordance with the Regulations could adversely affect the Council.

1.10 Equality Impact Assessment

1.10.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.11 Recommendations

1.11.1 Cabinet is requested to:

- 1) Note and endorse the Revenue and Capital Outturn for the year 2015/16.
- 2) Endorse the recommendations following a review of specific earmarked reserves set out at paragraph 1.2.3.
- 3) Note and endorse the Treasury Management and Investment Strategy Review 2015/16 [**Annex 3**].

Background papers:

contact: Sharon Shelton
Neil Lawley

Investment information provided by King & Shaxson
Pension information provided by Barnett Waddingham
Valuation/Impairment information provided by BPS
Chartered Surveyors

Julie Beilby
Chief Executive

Sharon Shelton
Director of Finance and Transformation

Nicolas Heslop
Leader of the Council

Martin Coffin
Cabinet Member for Finance, Innovation and Property