

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

28 June 2017

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 2016/17

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 2017 and subsequent adjustments made 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 2016/17 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 2016/17 were highlighted in the notes to the Annual Estimate papers presented to Members during the 2017/18 budget cycle.

1.1.2 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 2016/17 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 3 July.

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 £363,153 affording the opportunity to make a contribution to two specific earmarked reserves detailed below and taking the favourable variance to £43,153 with a contribution to the General Revenue Reserve of £908,903 compared with the Revised Estimate figure of £865,750.

1.2.2 The favourable variance can, amongst other things, be attributed to management savings on the salary bill and better than budgeted performance in our major operational income streams offset by the contribution to two specific earmarked reserves.

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 note and endorse that:

- The sum of £200,000 is added to the Invest to Save reserve to fund initiatives to reduce costs and or generate income.
- The sum of £120,000 is added to the Tonbridge & Malling Leisure Trust reserve established in recognition of obligations on the Council that could be called on under the agreement with the Trust.

1.2.4 As mentioned above, measured against the Revised Estimate the outturn position is within budget to the sum of £43,153. A more detailed analysis of the principal reasons for the favourable variance can be found in the table below.

Description	Revised Estimate 2016/17 £	Provisional Outturn 2016/17 £	Variation £
Invest to Save Reserve	0	200,000	200,000
Tonbridge & Malling Leisure Trust Reserve	0	120,000	120,000
Building Control Partnership	10,000	61,589	51,589
Interest on Investments and Cash Flow	(206,000)	(231,483)	(25,483)
Tonbridge & Malling Leisure Trust Loss of Income Claim/s	208,700	172,228	(36,472)
Refuse, Recycling & Green Waste Collection Contract Payments	2,505,900	2,460,215	(45,685)
Major Income Streams	(5,194,900)	(5,261,840)	(66,940)
Salary Monitoring Statement	9,505,350	9,332,840	(172,510)
Other Net Changes	1,474,257	1,406,605	(67,652)
Total	8,303,307	8,260,154	(43,153)

1.2.5 **[Annex 1]** provides details of Service specific issues in respect of the revenue outturn for 2016/17.

1.3 Capital Plan

1.3.1 A detailed draft outturn position was presented to the Finance, Innovation and Property Advisory Board on 21 June 2017 which showed actual net expenditure of £340,000 against a budget provision of £1,145,000.

1.3.2 Factors that contributed to the net underspend are given below.

- Capital renewals budgets totalling £697,000 with actual capital renewals expenditure totalling £234,000. Capital renewals provisions reflect predictions as to when assets will need to be replaced. The net underspend can largely be attributed to replacement of car park ticket machines moved to April 2017 and a lower than anticipated spend on

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

- The very nature of capital expenditure and funding can see the rescheduling, reprofiling and review of future budget provision. Scheme budget provisions that are to be rescheduled, reprofiled or subject to review include Housing Assistance – net underspend of £48,000; and Improvement Programme for Existing Car Parks – underspend £56,000. Developer contribution of £155,000 received earlier than expected in respect of Tonbridge Town Lock.

1.3.3 **[Annex 2]** provides details of Service specific issues in respect of the capital outturn for 2016/17.

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 2016/17, attached at **[Annex 3]**, is to be considered by the Audit Committee at its meeting on 3 July. 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 2016		5,039,954
Contribution to / (from) Reserve		908,903
Balance at 31 March 2017		5,948,857

1.5.5 The Medium Term Financial Strategy anticipated a General Revenue Reserve balance at 31 March 2017 of £5,906,000.

1.6 Audit Committee

1.6.1 As mentioned earlier, a copy of the Statement of Accounts for 2016/17 (unaudited) is to be presented to the Audit Committee for approval on 3 July. The Accounts reflect the revenue and capital outturn position as detailed in this report and accompanying information, together with the subsequent adjustments 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 in the papers.

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 2016/17.

- 2) Note and endorse the action taken 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 2016/17 **[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
and Deputy Executive Leader