

TONBRIDGE & MALLING BOROUGH COUNCIL
FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

21 July 2021

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken by the Cabinet Member)

1 FINANCIAL PLANNING AND CONTROL

The report brings together information on three key budget areas – salaries, major operational income streams and investment income. The performance of the key budget areas, together with approved variations to the revenue budget and areas identified through revenue budget monitoring are then summarised to provide an indicative overall budget position for the year. The report also updates Members on capital expenditure and variations that have been agreed in relation to the capital plan.

1.1 Salaries Monitoring Statement

1.1.1 Appended for information at **[Annex 1]** is a budgetary control statement that compares actual expenditure on basic salaries, temporary staff, overtime, superannuation and national insurance to the end of June 2021, with the appropriate proportion of the original estimate for 2021/22.

1.1.2 Members will note that management savings to the end of June are **£52,050 more** than anticipated.

1.2 Income Monitoring Statement

1.2.1 Appended for information at **[Annex 2]** is a budgetary control statement that compares actual income from fees and charges to the end of June 2021, with the appropriate proportion of the original estimate for 2021/22.

1.2.2 Members will note that overall income to the end of June is **£87,150 less** than anticipated, a contributing factor being the third national lockdown and delay in the relaxation of Covid-19 restrictions.

1.3 Treasury Management

Core Funds

- 1.3.1 The Council achieved a return of 0.33% on its core fund investments for the period ended June 2021, compared to the 3-month LIBID benchmark of minus 0.04%. Investment income achieved for the period ended June 2021 is £15,000.
- 1.3.2 At the end of June 2021 the value of core funds stood at £20m. This was invested at an average rate of 0.29% and an average maturity of 156 days.

Cash Flow Funds

- 1.3.3 The Council achieved a return of 0.04% on its cash flow investments for the period ended June 2021, compared to a 7-day LIBID benchmark of minus 0.08%. Investment income achieved for the period ended June 2021 is £2,100.
- 1.3.4 At the end of June 2021 the value of cash flow investments stood at £21.4m. This was invested at an average rate of 0.04% and an average maturity of 5 days.

Property Investment Funds

- 1.3.5 Property funds pay dividends quarterly based on activity to the end of March, June, September and December. At the time of writing the Council had yet to receive notification of the dividends to be paid for the quarter ended June.
- 1.3.6 At the end of June 2021, the sum of £5m was invested in property investment funds spread across three different funds.

All Investments

- 1.3.7 The combined return figure for core and cash flow investments is compared with the original estimate for 2021/22 later in this report.

1.4 Approved Variations to the Revenue Budget

- 1.4.1 Listed below are the variations that have been agreed to the revenue budget. It has been based upon those variations approved by Portfolio Holders, Committees, Cabinet and Council up to the meeting of Cabinet on 6 July 2021.
- 1.4.2 General Purposes Committee 23 March 2021
- Approved various changes to Building Control and Planning Technical teams on the cessation of the shared Building Control Service with Sevenoaks District Council (SDC). The changes will result in growth of £19,349 per annum, that is more than offset by the partnership payment of £45,000 paid to SDC. The net saving of £25,651 is to be ring fenced to meet additional costs in Customer Services and membership of Local Authority Building Control.

1.4.3 Finance, Innovation and Property Advisory Board 19 May 2021

- Recommended the disposal of a small piece of amenity land at Welland Road, Tonbridge in the sum of £5,000.

1.4.4 Communities and Housing Advisory Board 25 May 2021

- Recommended the provision of electric vehicle charging points in Council car parks at an annualised capital renewals cost of £12,000.
- Recommended that £75,342 of the additional Homeless Support Grant to be received in 2021/22 be used to fund a temporary Homelessness Prevention Officer post for two years and the remaining £58,637 be used to offset increased temporary accommodation costs. Please also see paragraph 1.6.2.

1.4.5 Street Scene and Environment Services Advisory Board 8 June 2021

- Recommended that a formal consultation be undertaken in respect of the proposed one-year trial of a new Tonbridge Town Centre Residents Season Ticket scheme. Should the consultation result in the trial being implemented, the scheme could generate additional income of £29,000.

1.4.6 General Purposes Committee 16 June 2021

- Approved the regrading of the Private Sector Housing Initiatives Officer post at an annual cost of £3,870 (£1,000 reflected in Salaries Monitoring Statement above).
- Approved various changes to Planning Services with immediate effect. The changes will result in short term growth of £60,095 per annum for two years and ongoing growth of £6,130 per annum thereafter. It is intended to use section 106 monitoring fees (as reported to Planning and Transportation Board on 11 November 2020) as well as management savings and funding from the Homes England "Garden communities" programme to fund the increased costs.

1.4.7 Planning and Transportation Advisory Board 29 June 2021

- Recommended that the current local plan be withdrawn, reviewed, refreshed and resubmitted. This is expected to cost in the region of £650,000 to £750,000, spread over three years. Third party expenditure on the local plan is funded from the Local Development Framework Reserve which receives a current annual contribution of £80,000. The estimated cost of resubmission exceeds the anticipated levels in the reserve over the next three years and additional amounts will need to be set aside in the reserve. This will be addressed within the wider context of the review of the Council's finances over the coming months.

1.4.8 A summary of the approved variations to the revenue budget is given in the table below.

Description	Paragraph Reference	2021/22 £	2022/23 £
Building Control Shared Service	1.4.2	-	-
Amenity Land, Welland Road	1.4.3	(5,000)	-
Electric Vehicle Charging Points	1.4.4	-	12,000 *
Homeless Support Grant	1.4.4	(58,650)	-
Tonbridge Residents Season Ticket	1.4.5	-	(29,000)
Private Sector Housing Initiatives Officer	1.4.6	2,900	3,900 *
Planning Services	1.4.6	-	-
Local Plan	1.4.7	-	-
Total		(60,750)	(13,100)

Those items marked with an asterisk* will need to be considered and reflected as appropriate in updating the Medium Term Financial Strategy beyond 2022/23.

1.5 Virements

1.5.1 There have been no virements made to the original revenue estimates for 2021/22 reported to Council on 23 February 2021.

1.6 Revenue Budget Monitoring

1.6.1 As part of our budget monitoring and control arrangements Chief Officers confirm that budgetary control has been undertaken within the Service areas under their control each month and at the same time highlight those areas, if any, which they wish to bring to the attention of the Director of Finance and Transformation. In addition, the Accountancy Section also monitors budgetary performance across the whole range of services during the year. At the time of writing this report the following areas have been brought to my attention.

1.6.2 Homeless caseload has continued to increase since the 2021/22 budget was prepared in Autumn 2020. In addition, measures expected to reduce expenditure on temporary accommodation (TA), for example, conversion of houses at Pembury Road, Tonbridge into TA units, has been delayed. Should caseload remain at current levels, the estimated net increased cost in respect of TA in 2021/22 will be around £300,000.

1.6.3 In response to anti-social behaviour, the Council has employed a private security company to open/close the gates at Holly Hill public open space near Snodland at an annual cost of £7,300.

- 1.6.4 The Non-Domestic Rating (Public Lavatories) Bill received Royal Assent in April 2021. As a result the Council received a refund of £18,900 in respect of business rates paid in 2020/21.
- 1.6.5 The Council Tax Support administration grant awarded by the MHCLG for 2021/22 is £17,800 more than budgeted.
- 1.6.6 The Council is to receive a local council tax support (LCTS) grant in the sum of £224,557 in recognition of the impact of LCTS on council tax income.
- 1.6.7 Kent County Council are to pay, subject to confirmation, in the order of £200,000 in recognition of the increased council tax yield as a result of changes made to council tax discounts and exemptions.
- 1.6.8 An agreement has been reached with Tonbridge and Malling Leisure Trust whereby the Council pay a capital grant in lieu of a capital renewals provision in return for the transfer of responsibility for all telephony hardware and systems and its replacement to the Trust delivering an annual revenue saving of £3,530.
- 1.6.9 Estimated increased costs of £120,000 as a result of the engagement of solicitors to provide, amongst other things, contractual and employment advice and related payments.
- 1.6.10 Estimated reduction of £7,000 in the payment due to the TMLT in respect of pension payment obligations under the management agreement.
- 1.6.11 As reported to Cabinet on 2 June 2021, under emergency powers the Leader of the Council authorised works in the sum of £28,000 to facilitate the permanent live streaming of in-person Council meetings following the end of legislation allowing meetings to be held remotely. The cost to be funded from the General Revenue Reserve.
- 1.6.12 Management Team have made the following establishment changes under delegated authority:
- The existing temporary arrangements in Waste and Street Scene Services associated with the new waste services contract have been extended to the end of October 2021 at a cost of £12,050 (£5,150 reflected in Salaries Monitoring Statement above).
 - The temporary additional administration resources in Waste and Street Scene Services have been extended to the end of August 2021 at a cost of £9,400 (£3,150 reflected in Salaries Monitoring Statement above).
 - A reduction in the hours of the Administrator / Assistant Cemetery Registrar generating a saving of £6,150 (£1,550 reflected in Salaries Monitoring Statement above).

1.6.13 The Council has been awarded the following grants from central government which will be used to fund as yet unbudgeted expenditure or reductions in other government funding streams:

- Contain Outbreak Management Funding £156,173
- Domestic Abuse Duty New Burdens Grant £34,242
- Rough Sleeping Initiatives £129,712 (April 2021 to June 2021)
- Rough Sleeping Initiatives £260,787 (July 2021 to March 2022)
- Verify Earnings and Pensions Alerts Grant £25,488
- Welfare Reform Grant £27,879

1.6.14 A summary of the items identified through budgetary control is given in the table below.

Description	Paragraph Reference	2021/22 £	2022/23 £
Temporary Accommodation	1.6.2	300,000	-
Holly Hill Open Space	1.6.3	7,300	7,300 *
Public Conveniences Business Rates	1.6.4	(18,900)	-
Council Tax Support Admin Grant	1.6.5	(17,800)	-
Local Council Tax Support Grant	1.6.6	(224,550)	-
Council Tax Discounts / Exemptions	1.6.7	(200,000)	-
TMLT Telephony	1.6.8	(3,550)	(3,550) *
Legal Expenses and Related Payments	1.6.9	120,000	-
TMLT Pension Payment Obligation	1.6.10	(7,000)	(7,000) *
Live Streaming of Council Meetings	1.6.11	28,000	-
Establishment Changes	1.6.12	8,550	(6,150) *
Central Government Grants	1.6.13	-	-
Total		(7,950)	(9,400)

Those items marked with an asterisk* will need to be considered and reflected as appropriate in updating the Medium Term Financial Strategy beyond 2022/23.

1.7 Revenue Budget Summary

The table below brings together information on the key budget areas, the variations agreed to the revenue budget and items identified through budgetary control to provide an indicative overall budget position for the year.

Description	Budget to June £	Actual to June £	Variance £
Salaries Monitoring Statement	2,711,250	2,659,200	(52,050)
Income Monitoring Statement	(1,195,000)	(1,107,850)	87,150
Treasury Management	(19,950)	(17,100)	2,850
Approved Variations to the Revenue Budget			(60,750)
Revenue Budgetary Control			(7,950)
Net Favourable Variance			(30,750)

- 1.7.1 This would suggest if nothing else changed, the contribution to the General Revenue Reserve would be £435,800 compared to £405,050 anticipated when the budget was set in February 2021.

1.8 Savings and Transformation Strategy

- 1.8.1 Alongside the Medium Term Financial Strategy sits a Savings and Transformation Strategy. The purpose of the Strategy is to provide structure, focus and direction in addressing the financial challenge faced by the Council. In so doing, it recognises that there is no one simple solution and as a result we will need to adopt a number of ways to deliver the required savings and transformation contributions within an agreed timescale. A number of key themes have been identified, together with outline targets and timescales.
- 1.8.2 Members will no doubt be aware of the report to the 6 July Cabinet meeting on the Council's finances and the updated projected funding gap of £1,775,000 excluding the initiatives already built into the Medium Term Financial Strategy. This is clearly a difficult and challenging financial outlook, if not daunting, where consideration as to how we might address the funding gap over the medium term needs to begin now, in addition to delivering as a minimum this year's savings target of £100,000.

1.9 Capital Monitoring Statement

- 1.9.1 Appended for information at **[Annex 3]** is a capital monitoring statement which compares actual capital expenditure for the period 1 April 2021 to 30 June 2021 with the 2021/22 Capital Plan. The Capital Plan for 2021/22 is based on the 2021/22 budgets that were approved by Council on 23 February 2021, amended for slippage from 2020/21.

- 1.9.2 Prior year's expenditure is only shown for finite schemes for which there is a budget in 2021/22. Where schemes are of a rolling programme nature, prior year's expenditure has not been shown in order to avoid large, generally meaningless, totals building up.
- 1.9.3 Capital Plan schemes which are scheduled to start in 2022/23 and beyond have not been shown. The budget profile for these schemes can be found in the 2021/22 Revenue and Capital Budgets Book.
- 1.9.4 Members will note a Capital Plan spend (net) at the end of June 2021 of £105,000 against a budget for the year of £3.95m.

1.10 Approved Variations to the Capital Plan

- 1.10.1 An agreement has been reached with Tonbridge and Malling Leisure Trust whereby the Council pay a capital grant of £35,300 in lieu of a capital renewals provision in return for the transfer of responsibility for all telephony hardware and systems and its replacement to the Trust. Please also see paragraph 1.6.8.
- 1.10.2 Communities and Housing Advisory Board on 25 May 2021 recommended the installation of electric charging points in Council car parks across the borough at a cost of £120,000. Of this, £80,000 will be funded by government grants and the supplier. The remaining £40,000 will be funded from the Council's Business Rates Retention Scheme Reserve.
- 1.10.3 As reported to Cabinet on 2 June 2021, under emergency powers the Leader of the Council authorised works in the sum of £28,000 to facilitate the permanent live streaming of in-person Council meetings following the end of legislation allowing meetings to be held remotely. The cost to be funded from the General Revenue Reserve.

1.11 Capital Plan Issues

- 1.11.1 The capital plan monitoring statement, as presented to this Board, is essentially aimed at monitoring the financial performance of the capital plan overall and on a Service and scheme basis. Notes have been provided to supply further information where this is felt to be particularly relevant. Other monitoring reports, which provide greater information about individual schemes, are presented by the Services to the relevant Advisory Board.

1.12 Legal Implications

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 take action 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.

1.13 Financial and Value for Money Considerations

1.13.1 As set out above.

1.14 Risk Assessment

1.14.1 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.

1.15 Equality Impact Assessment

1.15.1 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.

1.16 Recommendations

1.16.1 Members are asked to:

- 1) Note that as at the end of June 2021 the projected overall outturn position for the year 2021/22 is a net favourable variance of circa £30,750 when compared to the budget set in February 2021.
- 2) Note the position in respect of the updated projected funding gap reported to Cabinet on 6 July 2021 of £1,775,000 and the need to identify and implement opportunities to deliver as a minimum this year's savings target of £100,000.

The Director of Finance and Transformation confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and policy Framework.

Background papers:

contact: Neil Lawley

Nil

Sharon Shelton
Director of Finance and Transformation