

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

15 September 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 July 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 July are **£69,100 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 July 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 July is **£45,800 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 0.32% on its core fund investments for the period ended July 2021, compared to the 3-month LIBID benchmark of minus 0.05%. Investment income achieved for the period ended July 2021 is £19,200.
- 1.3.2 At the end of July 2021 the value of core funds stood at £19m. This was invested at an average rate of 0.28% and an average maturity of 197 days.

Cash Flow Funds

- 1.3.3 The Council achieved a return of 0.04% on its cash flow investments for the period ended July 2021, compared to a 7-day LIBID benchmark of minus 0.08%. Investment income achieved for the period ended July 2021 is £3,300.
- 1.3.4 At the end of July 2021 the value of cash flow investments stood at £25.1m. 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. Investment income achieved for the period ended June 2021 is £40,350 which represents a return of 3.23%.
- 1.3.6 At the end of July 2021, the sum of £5m was invested in property investment funds spread across three different funds.

Multi Asset (Diversified Income) Funds

- 1.3.7 As reported to Audit Committee on 26 July 2021, the Council has begun to use multi asset (diversified income) funds for medium-term investments. The sum of £1m was invested in Aegon Diversified Monthly Income Fund at the end of July 2021, with a further two funds identified and set up in August 2021. A total of £3m will be invested evenly across the diversified income funds.

All Investments

- 1.3.8 The combined return figure for core, cash flow and property investment funds 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 Street Scene and Environment Services Advisory Board on 31 August 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 (£1,300 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 Communities and Housing Advisory Board 20 July 2021

- Recommended that the management of Leybourne Lakes Country Park be transferred to Tonbridge and Malling Leisure Trust from 1 November 2021 delivering an estimated net saving of £17,150 in 2021/22, £8,050 in 2022/23 and £13,050 in 2023/24.

1.4.9 Finance, Innovation and Property Advisory Board 21 July 2021

- Recommended that the payment kiosks at Gibson Building and Tonbridge Castle be removed and an alternative method of payment be explored for those more vulnerable residents who are unable to pay by other methods. This is expected to generate net savings of £8,500 per annum. A one-off set-up fee of £10,000 for an alternative method may be required to be funded from the Invest to Save Reserve.

1.4.10 Street Scene and Environment Services Advisory Board 31 August 2021

- Recommended that a contribution of £20,000 be made to the Natural Flood Management Project. This is to be funded from the Council's Business Rates Retention Scheme Reserve.

1.4.11 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 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	2,600	3,900 *
Planning Services	1.4.6	-	-
Local Plan	1.4.7	-	-
Leybourne Lakes Country Park	1.4.8	(17,150)	(8,050) *
Payment Kiosks	1.4.9	(8,500)	(8,500) *
Natural Flood Management Project	1.4.10	-	-
Total		(115,700)	(650)

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 has received 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 have paid £205,585 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 Following changes to Cabinet positions made at Council on 4 May 2021 and 13 July 2021, the number of Cabinet members is now two more than budgeted representing an increased cost of £17,600 per annum.
- 1.6.13 The Council is to repay to the Department of Business, Energy and Industrial Strategy £94,995 in respect of incorrectly/fraudulently claimed business grants recovered in 2020/21.
- 1.6.14 The Council has received New Burdens Grant of £26,502 from the Department of Health and Social Care for administering the Self Isolation Payments Scheme.
- 1.6.15 A payment of £8,950 is due to Kent County Council in respect of Kent Intelligence Network software for the previous financial year.
- 1.6.16 Consultants are to be appointed to assist with the review of the banking contract at a cost of £4,000.
- 1.6.17 Public Sector Audit Appointments Ltd are to distribute surplus funds to opted-in eligible bodies following the approval of its 2020/21 audited annual report. The amount to be paid to Tonbridge and Malling is £6,950.
- 1.6.18 Taking into account the sum received in 2020/21 and the ongoing disruption to waste collection services the recycling performance payment received by the Council is expected to be below budget by circa £100,000.

1.6.19 Management Team have made the following establishment changes under delegated authority:

- The temporary Waste Contract Officer has been extended by ten months to the end of March 2022 at a cost of £31,400 (£6,300 reflected in Salaries Monitoring Statement above).
- The temporary arrangements in Waste and Street Scene Administration team have been extended by seven months to the end of October 2021 at a cost of £12,050 (£6,900 reflected in Salaries Monitoring Statement above).
- A reduction in the hours of the Administrator / Assistant Cemetery Registrar generating a saving of £6,150 (£2,050 reflected in Salaries Monitoring Statement above).

1.6.20 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

1.6.21 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	150,000
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	(205,600)	-
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	-
Cabinet Members	1.6.12	14,300	17,600 *
Business Grants Funded Schemes	1.6.13	95,000	-
Self-Isolation Payments Scheme	1.6.14	(26,500)	-
Kent Intelligence Network Software	1.6.15	8,950	-
Banking Contract	1.6.16	4,000	-
Public Sector Audit Appointments Ltd	1.6.17	(6,950)	-
Recycling Performance Payment	1.6.18	100,000	-
Establishment Changes	1.6.19	26,150	(6,150) *
Central Government Grants	1.6.20	-	-
Total		192,850	158,200

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 July £	Actual to July £	Variance £
Salaries Monitoring Statement	3,616,100	3,547,000	(69,100)
Income Monitoring Statement	(1,679,750)	(1,633,950)	45,800
Treasury Management	74,500	62,850	11,650
Approved Variations to the Revenue Budget			(115,700)
Revenue Budgetary Control			192,850
Net Adverse Variance			65,500

- 1.7.1 This would suggest if nothing else changed, the contribution to the General Revenue Reserve would be £339,550 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.
- 1.8.2 Members attention was drawn to the updated projected funding gap of £1,775,000 excluding the initiatives already built into the Medium Term Financial Strategy at the last meeting of the Board and where consideration as to how we might address the funding gap over the medium term required pressing and concerted focus of attention, 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 31 August 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 August 2021 of £224,000 against a budget for the year of £3.95m.

1.10 Approved Variations to the Capital Plan

- 1.10.1 Cabinet on 16 March 2021 recommended that the total capital budget for the new lakeside facility at Leybourne Lakes Country Park be increased from £741,000 to £774,000 with the increase of £33,000 funded from developer contributions. Communities and Housing Advisory Board on 20 July 2021 recommended that the budget be further increased to £880,000 (to be approved by full Council) with the increase of £106,000 funded from developer contributions (£42,000) and the Climate Change Reserve (£64,000).
- 1.10.2 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.

1.10.3 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.

1.10.4 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

1.12.1 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 July 2021 the projected overall outturn position for the year 2021/22 is a net adverse variance of £65,500 when compared to the budget set in February 2021 (favourable variance of £30,750 reported to the Board meeting in July).

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

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Director of Finance and Transformation