

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

06 June 2023

Joint Report of the Chief Executive and Director of Finance and Transformation

Part 1- Public

Executive Non Key Decisions

1 REVENUE AND CAPITAL OUTTURN 2022/23

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 2023 and subsequent adjustments made in light of the Outturn position.

1.1 Introduction

- 1.1.1 A detailed revenue and capital outturn position for the year 2022/23 is provided in the Revenue and Capital Outturn Booklet attached at **[Annex 1]** 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 2022/23 were highlighted in the notes to the Annual Estimate papers presented to Members during the 2023/24 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 2022/23 will be presented to the **Audit Committee** for **approval**. The Director of Finance and Transformation is to present an unaudited copy of the Statement of Accounts to the Audit Committee on 24 July.

1.2 Overall Revenue Position

- 1.2.1 Cabinet is advised that the contribution to the General Revenue Reserve is £949,685, some £432,835 more than the Revised Estimate figure of £516,850. This after having set aside additional reserve movements as explained in paragraph 1.2.3.
- 1.2.2 The variance prior to the adjustments detailed above of £981,835 can be attributed to, amongst other things, above profile performance on investment returns due to the earlier and continued rise in interest rates and our major operational income streams most notably planning application fees, garden waste and car parking. This is partially offset by the under recovery of income on the

recycling performance payments and business rates and increased costs associated with bad debt provisions and housing benefits. See paragraph 1.2.4 for further detail.

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, and referred to above, Cabinet is asked to note and endorse:

- Setting aside an additional £300,000 to Building Repairs to meet amongst other things the estimated one-off repairs to the Tonbridge Gatehouse Roof.
- The transfer of £249,000 to the Leisure Trust Reserve representing pension payments the Council is responsible for over the next triennial period.

1.2.4 As mentioned above, the contribution to the General Revenue Reserve is £949,685, some £432,835 more than the Revised Estimate figure of £516,850. The principal reasons for the variance is given in the table below.

Description	Revised Estimate 2022/23 £	Provisional Outturn 2022/23 £	Variation £
Building Repairs Reserve	750,000	1,050,000	300,000
Leisure Trust Reserve		249,000	249,000
Recycling Performance Payment	(686,000)	(508,018)	177,982
Business Rates Retention Scheme	(2,113,120)	(2,023,996)	89,124
Bad Debt Provision	50,000	137,084	87,084
Housing Benefits	14,600	101,020	86,420
Recruitment & Training	173,000	122,373	(50,627)
Summons Costs Recovered	(300,000)	(351,565)	(51,565)
New Burdens Grants	(235,900)	(303,193)	(67,293)
Garden Waste Collection Fees	(900,000)	(973,686)	(73,686)
Parking Fees & Charges	(2,953,000)	(3,039,666)	(86,666)
Planning Application Fees	(940,000)	(1,096,099)	(156,099)
Investment Income	(951,900)	(1,764,655)	(812,755)
Other Net Changes	19,304,869	19,181,115	(123,754)
Total	11,212,549	10,230,714	(432,835)

1.2.5 A more detailed analysis of the outturn position is to be found in the attached Revenue and Capital Outturn Booklet.

1.3 Capital Plan

1.3.1 Members will note a Capital Plan spend net of specific government grants and other contributions of £784,000 against a budget provision of £1,567,000. Factors that contributed to the net underspend are given below.

- Capital renewals budgets totalling £715,000 with actual capital renewals expenditure totalling £193,000. Capital renewals provisions reflect predictions as to when assets will need to be replaced. 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 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 the Temporary Accommodation, Pembury Road, Tonbridge adaptation works – in year underspend £83,000; works at both Tonbridge Racecourse Ground – in year underspend of £133,000; and Electric Vehicle Charging points £33,000.

1.3.2 A more detailed analysis of the outturn position is to be found in the attached Revenue and Capital Outturn Booklet.

1.4 Treasury Management and Investment Strategy Review

1.4.1 Updates to both the Prudential Code and Treasury Management Code were published by the Chartered Institute of Public Finance and Accountancy (CIPFA) in December 2021 and uphold a key principle that borrowing primarily for return on investment is not permissible.

1.4.2 The Treasury Management Code requires an annual review report of the previous year to be presented and endorsed by Members. A copy of the annual review report for the year 2022/23 is attached at **[Annex 2]**.

1.4.3 As this is a **technical document**, if Members have any questions, could we please ask that you contact **Donna Riley on extension 6381** in advance of the meeting.

1.5 Balances and Reserves

1.5.1 **[Annex 3]** Table 1 shows the movement on the Special Projects Reserve.

1.5.2 **[Annex 3]** Table 2 details the movement on Other Earmarked Reserves.

1.5.3 **[Annex 3]** 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 2022		7,661,621
Contribution to / (from) Reserve		949,685
Balance at 31 March 2023		8,611,306

1.5.5 The Medium Term Financial Strategy anticipated a General Revenue Reserve balance at 31 March 2023 of £8,178,000.

1.6 Audit Committee

1.6.1 As mentioned earlier, an unaudited copy of the Statement of Accounts for 2022/23 is to be presented to the Audit Committee for approval on 24 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 Medium Term Financial Strategy / Savings and Transformation Strategy

1.7.1 The focus of attention in 2023/24 must be to identify and deliver this year's savings target of £500,000 ideally before the start of 2024/25. Whilst this is not an easy ask and potential difficult choices to be made, it is at least something that is in our own hands. **Cabinet may wish to consider setting a timetable for this.**

1.8 Legal Implications

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

1.9 Financial and Value for Money Considerations

1.9.1 The budget year 2023/24 and review and update of medium term financial planning assumptions now the focus of attention.

1.9.2 The positive outturn position is clearly welcome, but does not unfortunately change what is a difficult and challenging financial outlook. The latest projected funding gap stands at £1.7m, plus a further £200k in respect of the rationalisation of office accommodation which is already built into the MTFs, notwithstanding the assumption that income and expenditure impacted by Covid-19 will largely return to levels pre the pandemic over the short to medium term.

1.9.3 Progress on meeting this year's savings and transformation contribution of £500,000 along with the initiative already built into the Medium Term Financial Strategy but yet to be delivered, the scaling back of office accommodation, to be reported to Cabinet during the year as appropriate.

1.10 Risk Assessment

1.10.1 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.

1.10.2 The Council's financial sustainability at increased risk following the pandemic and more recently the invasion of Ukraine and its adverse impact on global economic conditions.

1.11 Equality Impact Assessment

1.11.1 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.

1.12 Policy Considerations

1.12.1 Budgetary and policy framework is relevant to all areas of the Council's business.

1.13 Recommendations

1.13.1 Cabinet is requested to:

- 1) Note and endorse the Revenue and Capital Outturn for the year 2022/23.
- 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 2022/23 [**Annex 2**].
- 4) Give consideration to a timetable for the programme of savings and transformation contributions in order to ensure the target of £500,000 is achieved by the start of the financial year 2024/25.

Background papers:

contact: Sharon Shelton

Nil

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Sharon Shelton
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