

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

03 October 2023

Report of the Director of Finance and Transformation

Part 1- Public

Executive Non Key Decisions

1 FINANCIAL PLANNING AND CONTROL 2023/24

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 Cabinet 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 August 2023, with the appropriate proportion of the original estimate for 2023/24.

1.1.2 Cabinet will note that overall actual expenditure to the end of August is **£53,000 less** than budgeted at the February Budget meeting after adjusting for an additional allocation of funding in the sum of £105,800 from the General Revenue Reserve to pay for temporary staffing in Planning following Decision Notice D230019URG (see paragraph 1.4.6 below).

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 August 2023, with the appropriate proportion of the original estimate for 2023/24.

Cabinet will note that overall actual income to the end of August is **£140,986 less** than budgeted. The majority of areas are currently below profiled budget, and services are being asked to review the drivers, such as number of applications, volumes of sales etc. to identify trends that could give a better detail on the income being received and will be included in the revised and forward estimate review.

1.3 Treasury Management

- 1.3.1 The Audit Committee has responsibility for monitoring treasury management activities and a detailed report is submitted on a regular basis to that Committee. Members may wish to look at the most recent report which was presented to the Audit Committee on 25 September. Highlights are however given within this report to keep Cabinet up to date on activity.

Treasury management reporting is up to the end of July 2023, but initial reviews of the August returns show a continued increase of returns above the level estimated in February 2023.

Core Funds

- 1.3.2 The Council achieved a return of 4.84% on its core fund investments for the period ended July 2023, compared to the benchmark of 5.37%. Investment income achieved for the period ended July 2023 was £403,480.
- 1.3.3 At the end of July 2023, the value of core funds stood at £27m. This was invested at an average rate of 5.41% and an average maturity of 154 days.

Cash Flow Funds

- 1.3.4 The Council achieved a return of 4.55% on its cash flow investments for the period ended July 2023, compared to the benchmark of 5.1%. Investment income achieved for the period ended July 2023 was £410,020.
- 1.3.5 At the end of July 2023, the value of cash flow investments stood at £25.32m. This was invested at an average rate of 4.97% and an average maturity of 8 days.

Multi-Asset Diversified Income Funds

- 1.3.6 The Council achieved a return of 5.04% on its multi-asset diversified income funds for the period ended July 2023. Investment income achieved for the period ended July 2023 was £71,380.
- 1.3.7 At the end of August 2023, the sum of £4.25m was invested in multi-asset diversified income funds spread across three different funds.

Property Investment Funds

- 1.3.8 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 2023 is £45,350 which represents a return of 3.63%.
- 1.3.9 At the end of August 2023, the sum of £5m was invested in property investment funds spread across three different funds.

All Investments

1.3.10 The combined return figure for core, cash flow and multi-asset diversified income funds is compared with the original estimate for 2023/24 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 for 2023/24. It has been based upon those variations approved by Portfolio Holders, Committees, Cabinet and Council.

1.4.2 Cabinet 7 March 2023

- [Endorsed](#) the proposed Green Business Grant Scheme for 2023/24 and 2024/25. The revenue costs of the scheme of £6,000 (£2,000 in 2023/24 and £4,000 in 2024/25) will be funded from the UK Shared Prosperity Fund.

1.4.3 General Purposes Committee 15 March 2023

- [Resolved](#) that the proposals for changes to the establishment in Revenue and Benefits, Accountancy and Exchequer, Customer Services and Parking Administration be approved. The proposals generate net growth of £3,300 per annum (£3,800 in 2023/24 of which £1,750 reflected in salary monitoring above).

1.4.4 Cabinet 4 April 2023

- [Resolved](#) that the Blue Bell Hill commuter car park be closed and the site secured to prevent any pedestrian and vehicular access. Fencing will need to be installed at the main entrance to prevent access. The cost of this is estimated to be £5,000. Existing season ticket holders will also have to be refunded at an estimated cost of £2,100 (all of which is reflected in income monitoring statement above). The ongoing financial impact of the closure is expected to be broadly neutral.
- [Resolved](#) that a new Community Development Grant Scheme be launched from April 2023. The scheme will be funded from the £165,269 allocated to the Council from the UK Shared Prosperity Fund (£33,962 in 2023/24 and £131,307 in 2024/25).

1.4.5 General Purposes Committee 3 July 2023

- Made various [recommendations](#) in respect of members allowances. The recommendations will generate savings of £25,000 per annum (£31,000 in 2023/24).
- [Recommended](#) that a £5,000 annual market supplement payment be paid to all current and future recruited qualified Planning staff for a period of two years, subject to annual review thereafter. The proposals are expected to cost £290,000 over the two-year period and will be funded from the Budget Stabilisation Reserve.

- [Recommended](#) that a £3,000 'Golden Hello' payment be paid to certain newly recruited Planning staff, subject to annual review thereafter. The proposals are expected to cost £30,000 over the two-year period and will be funded from the Budget Stabilisation Reserve.
- [Resolved](#) that the proposals for changes to the establishment in Revenue and Benefits and Building Control be approved. The proposals generate net saving of £2,200 per annum (£440 reflected in salary monitoring above).

1.4.6 Emergency and Urgency Decisions under Part 7 of the Constitution

- The Leader [resolved](#) on 13 March 2023 that the proposal for the net additional cost of £127,000 of employing agency staff to fill vacant positions in Development Management for the initial period of the 6 months from April 2023 to September 2023 be met from the Council's General Revenue Reserve (£105,800 reflected in salary monitoring above).

1.4.7 Cabinet Member Decisions under Part 4 of the Constitution

- The Cabinet Member for Strategic Planning and Infrastructure [resolved](#) on 7 March 2023 that the provisional Biodiversity Net Gain grant from the Department for Environment, Food and Rural Affairs of £15,638 be accepted. Delegated authority has been granted to the Director of Planning, Housing and Environmental Health to agree a programme of works to be funded from the grant.
- The Cabinet Member for Economic Regeneration [agreed](#) on 8 March 2023 the proposals for TMBC Apprenticeships (£25,000) and Apprenticeships Grant Scheme (£30,000). Both proposals will be funded from the Business Rates Retention Pilot Reserve.
- The latest triennial revaluation of the Tonbridge & Malling Leisure Trust has reported a pension fund deficit of £756,000 in relation to former Council employees who were transferred to the Trust under TUPE legislation in November 2013, for which the Council retains liability. The actuaries have proposed that the Council pays-off the deficit in instalments totalling £1.07m over the next 11 years. The Cabinet Member for Finance, Innovation and Property [resolved](#) on 8 March 2023 that instalment due in 2023/24 of £79,800 be funded from the Tonbridge & Malling Leisure Trust Reserve. Cabinet on 6 June 2023 [endorsed](#) the transfer of £249,000 to the reserve to fund the instalments for 2023/24 to 2025/26, covering the period until the next triennial revaluation. Consideration will be given, during 2023/24, as to whether it might be more cost effective for the Council to discharge its existing liability in a shorter timescale to that proposed by the actuary. See also paragraph 1.6.2.
- The Cabinet Member for Finance, Innovation and Property [resolved](#) on 21 March 2023 that the Adelante Smartpay cashiering system be upgraded at a cost of £57,500. This will be funded from the Transformation Reserve.

- The Cabinet Member for Strategic Planning and Infrastructure [resolved](#) on 21 March 2023 that the Active Travel Capability Fund grant from Kent County Council of up to £25,000 be accepted. A detailed project delivery approaches will be reported to Members in the coming months.
- The Cabinet Member for Technical and Waste Services [resolved](#) on 3 April 2023 that all scheduled waste collections and street cleaning services be maintained on Monday 8 May 2023, the King's Coronation Bank Holiday. The cost of the proposal is £30,762 and will be funded from the Budget Stabilisation Reserve.
- The Cabinet Member for Housing [resolved](#) on 18 April 2023 that the existing fixed term posts of Temporary Accommodation Welfare Officer and Housing Allocations Assistant be extended to 31 March 2024 and that a new six-month fixed term post of Housing Allocations Assistant be established. The cost of the proposals is £60,603 and will be funded from the additional Homelessness Prevention Grant funding received in 2022/23.
- The Cabinet Member for Finance, Innovation and Property [resolved](#) on 19 April 2023 that a dedicated Business Change Project Management resource be established for a period of 6 months to support the Agile project. The cost of the proposal is £58,500 and will be funded from the Budget Stabilisation Reserve.

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

Description	Paragraph Reference	2023/24 £	2024/25 £
Green Business Grant Scheme	1.4.2	-	-
Establishment	1.4.3	2,050	3,300 *
Blue Bell Hill Car Park	1.4.4	5,000	-
Community Development Grant Scheme	1.4.4	-	-
Members Allowances	1.4.5	(31,000)	(25,000) *
Planning Market Supplement Payment	1.4.5	-	- *
Planning 'Golden Hello' Payment	1.4.5	-	- *
Establishment	1.4.5	(440)	(2,200) *
Development Management Agency Staff	1.4.6	21,200	-
Biodiversity Net Gain Grant	1.4.7	-	-
Apprenticeships	1.4.7	-	-
TMLT Pension Fund Deficit	1.4.7	-	- *
Adelante Smartpay	1.4.7	-	-
Active Travel Capability Fund	1.4.7	-	-
Waste Collections & Street Cleaning	1.4.7	-	-
Housing Temporary Staffing	1.4.7	-	-
Business Change Project Management	1.4.7	-	-
Total		(3,190)	(23,900)

Those items marked with an asterisk* will need to be considered and reflected as appropriate in updating the Medium Term Financial Strategy beyond 2024/25.

1.5 Virements

1.5.1 To date, there have been no virements made to the original revenue estimates for 2023/24 reported to Council on 21 February 2023.

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 The latest triennial revaluation of the Tonbridge & Malling Leisure Trust has resulted in employer's contribution rate increasing from 18.4% to 22.4%. The Council is responsible for contributions in excess of 12% - the rate when the Trust was established - in respect of employees who were transferred to the Trust under TUPE legislation in November 2013. The increase represents budget growth of £31,350. See also paragraph 1.4.7.
- 1.6.3 As reported to Overview and Scrutiny Committee on [6 April 2023](#), the government is proposing to increase planning application fees by between 25% and 35%. An analysis by advisers LG Futures has suggested that the increase will generate approximately £440,000 additional income per annum which is £270,000 more than that currently reflected in the Council's Medium Term Financial Strategy. The current deficit on the development management budget is £973,000 (2023/24 budget) and any increase in fees should first and foremost contribute towards reducing the deficit. Planning application fees were last increased in January 2018 and it has been assumed that the proposed increase will come into effect from January 2024.
- 1.6.4 As reported to Housing and Planning Scrutiny Select Committee on [7 June 2023](#), the latest estimate of the costs of the local plan review over the next five years will necessitate a one-off injection of £345,000 into the Local Plan Reserve. This is in addition to the one-off injection of £750,000 made in 2021/22 following Council decision on [13 July 2021](#) to withdraw the current plan and review, refresh and resubmit the Local Plan. **This additional injection of funding has yet to be facilitated.**
- 1.6.5 Following the biennial structural inspection of Council managed bridges, the anticipated spend on bridge maintenance in the next two years will be £25,000 in 2023/24 and £41,600 in 2024/25. The current annual budget is £15,000.
- 1.6.6 A judicial review brought by a housing client has resulted in costs being awarded against the Council, the amount is currently being negotiated and will be reported once known.
- 1.6.7 The inflationary increase to be applied from 1 April 2023 in respect of the Internal Audit and Fraud service provided by Kent County Council was 2.5% less than estimated, equating to a budget saving of £4,600.
- 1.6.8 Inflationary increases in respect of the cleaning and security contracts in respect of Tonbridge Castle were £7,900 more than estimated.
- 1.6.9 Funding of £36,300 is being provided to Domestic Abuse Volunteer Support Services (DAVSS) for to employ a Housing Independent Domestic Violence Advisor in 2023/24 and 2024/25. This is to be funded from the Domestic Abuse Act New Burdens Grant.

- 1.6.10 Three specialist pieces of work are to be undertaken as part of the review of Tonbridge Castle: heritage assessment (£3,000), architectural designer work (£6,000) and commercial activity market viability (£4,500).
- 1.6.11 Current homelessness caseload is around 106 compared to the estimated 80 used to estimate the budget approved in February 2023. In addition, the nightly charges for TA have also increased as a result of inflation and interest rate rises. If caseload and pricing remains at current levels for the remainder of the financial year, this would amount to a potential budget growth of at least £175,000 for the full financial year; work is being undertaken with the Service to understand the cost implications and further updates will be made with the 2023/24 revised estimate. In terms of 2024/25, the MTFs also assumes costs associated with a caseload of circa 80 households. If caseload cannot be reduced, then the 2024/25 Estimates will need to reflect a higher cost level and the MTFs updated accordingly. For now, the figures in this report do NOT allow for higher caseloads beyond the current financial year which is a risk that needs to be managed.
- 1.6.12 Spend to date on the Council's applications and appeals budget is around £100,000 compared to the annual budget of £25,000. The overspend is primarily due to costs being awarded against the Council in respect of two appeals – [Keeper's Cottage, Platt](#) and [83 High Street, West Malling](#). Costs have also been awarded against the Council in respect of [Laxton Farm, Hadlow](#). Overspends of up to £100,000 can be funded from an earmarked reserve set aside at the end of 2021/22 but anything above that will need to be funded from the Council's General Revenue Reserve.
- 1.6.13 The car parks repairs and maintenance budget is likely to be overspent for the year as a result of the sink hole at West Malling High Street car park which has cost approximately £18,000 to repair.
- 1.6.14 Management Team have made the following establishment changes under delegated authority:
- A temporary Resettlement Worker and a Homelessness Support Officer are to be employed to support Ukrainian refugees in the borough. These posts are to be funded from the share of the 'Homes for Ukraine' funding received from Kent County Council.
 - The fixed-term Domestic Abuse Co-ordinator post has been extended from end of December 2023 to end of March 2025. The additional cost will be £11,800 in 2023/24 and £48,700 in 2024/25. This post is funded from the Domestic Abuse Act New Burdens Grant.
 - A three-month fixed-term Open Space Auditor post has been created to assist with the tender of the Grounds Maintenance Contract, at a cost of £7,800 (none of which is reflected in salary monitoring above).
 - A Building Control Technician post has been regraded and hours increased for a six-month period. A Building Control Surveyor post has been deleted

and replaced by a senior post while a vacant part-time Building Control Surveyor post has been deleted. The changes will generate a saving of £20,600 in 2023/24 but the saving is to be ring-fenced pending a review of the temporary arrangements.

- A Principal Planning Officer (PPO) and a Senior Planning Officer post within Planning Policy have had their hours increased for a six-month period and an agency PPO has been taken on for a four-month period. The cost of these changes is £34,500 and is to be funded from a vacant two-year fixed-term PPO post.
- The temporary arrangements within the Street Scene Administration Team have been extended from end of December 2022 to end of March 2024. The additional cost in 2023/24 will be £7,100 (£3,000 reflected in salary monitoring above).

1.6.15 The Council has been awarded the following grants from central government which will be used to fund as yet unbudgeted expenditure:

- Council Tax Support New Burdens Grant £12,578
- Electoral Integrity Programme New Burdens Funding £10,866 (in addition to budgeted £32,150)
- Energy Bill Support Scheme Alternative Funding New Burdens Grant £18,030
- Homelessness Prevention Grant – Ukrainian Refugees £189,657
- Housing Benefit Award Accuracy Initiative Grant £15,688
- Local Authority Data Sharing Programme Grant £11,596
- Verify Earnings and Pension Alerts Grant £15,431
- Welfare Reform Grant £25,841

1.6.16 A summary of the items identified through budgetary control within the current financial year 2023/24, along with their potential impact moving into 2024/25, is given in the table below.

Description	Paragraph Reference	2023/24 £	2024/25 £
TMLT Pension Contributions	1.6.2	31,350	31,350 *
Planning Application Fees (<i>assumed w.e.f. Jan 24</i>)	1.6.3	(110,000)	(270,000) *
Local Plan (<i>funding yet to be agreed</i>)	1.6.4	345,000	-
Bridge Maintenance	1.6.5	10,000	26,600
Internal Audit and Fraud Service	1.6.7	(4,600)	(4,600) *
Tonbridge Castle Cleaning and Security	1.6.8	7,900	7,900 *
Independent Domestic Violence Advisor	1.6.9	-	-
Tonbridge Castle Review	1.6.10	13,500	-
Homelessness Caseload	1.6.11	175,000	-
Applications & Appeals	1.6.12	-	-
Car Parks Repairs & Maintenance	1.6.13	-	-
Ukrainian Refugees Workers	1.6.14	-	-
Domestic Abuse Co-ordinator	1.6.14	-	-
Open Space Auditor	1.6.14	7,800	-
Building Control	1.6.14	-	-
Planning Policy	1.6.14	-	-
Street Scene Administration	1.6.14	4,100	-
Central Government Grants	1.6.15	-	-
Total		480,050	(208,750)

Those items marked with an asterisk* will need to be considered and reflected as appropriate in updating the Medium Term Financial Strategy beyond 2024/25.

1.7 VAT Recovery

1.7.1 Some years ago, local authorities challenged HMRC's VAT treatment of sports and leisure activities. On the back of this challenge, in August 2011 the accountancy team, with the assistance of tax consultants KPMG, submitted a very detailed claim for overpaid VAT on sports and leisure activities covering the period August 2007 to June 2011.

- 1.7.2 Following detailed consideration of this matter, the courts finally found that local authorities' leisure services are provided under a statutory framework and can be treated as non-business for VAT purposes. The case was appealed by HM Revenues and Customs (HMRC) but was dismissed and, in March 2023, HMRC announced that allowing local authorities to treat their supplies of leisure services as non-business would not significantly affect competition. This means that income from activities such as swimming and gym membership, which had previously been treated as standard rated for VAT purposes, can now be treated as non-business supply.
- 1.7.3 In August 2023, HMRC accepted the Council's claim (that had been submitted twelve years earlier) and repaid VAT totalling £1,866,900 together with statutory interest of £175,600. The Council is due to pay KPMG £75,000 for their services. The 'net' windfall receipt is therefore £1,967,500.
- 1.7.4 The receipt is very welcome but is a 'one-off' windfall. For the avoidance of doubt it does not resolve the funding gap or savings target, but could *potentially* allow some capital projects or one off schemes to go ahead which otherwise wouldn't be the case.
- 1.7.5 Unless Cabinet wishes to make any recommendations at this meeting as to how the 'windfall' might be allocated I propose to include a paragraph in my MTFs update report to Cabinet in November to consider how this funding might best be utilised for the benefit of the borough.

1.8 Revenue Budget Summary

- 1.8.1 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 August £	Actual to August £	Variance £
Salaries Monitoring Statement	5,030,300	4,977,300	(53,000)
Income Monitoring Statement	(2,709,700)	(2,568,804)	140,896
Treasury Management (JULY)	(471,000)	(930,050)	(459,050)
Approved Variations to the Revenue Budget		(3,190)	(3,190)
Revenue Budgetary Control		480,050	480,050
VAT 'Windfall' net of fees		(1,967,500)	(1,967,500)
Net Favourable Variance**			(1,861,794)

- 1.8.2 Members will note that whilst there is a net favourable variance**, this is wholly related to the windfall VAT receipt. **Excluding this windfall** (pending further discussion at Cabinet in November) gives a **net adverse variance of £105,706**.
- 1.8.3 Cabinet may recall that when the Budget was set in February 2023, it was expected that by the end of 2023/24 a contribution of £1,356,800 would be made to the General Revenue Reserve.
- 1.8.4 Assuming that the VAT windfall is to be allocated/spent in full during 2023/24, the budgetary assessment above would suggest if nothing else changed, the contribution to the General Revenue Reserve would be £1,251,094 compared to £1,356,800 anticipate, if the Local Plan is to be met from the General Revenue Reserve; or £1,569,094 if it is met from other reserves or means.

1.9 Medium Term Financial Strategy / Savings and Transformation Strategy

- 1.9.1 The current economic climate will have an ongoing impact on the Council's financial position. Officers are currently in the process of assessing the impact on both the current and future financial years of the Council's Medium Term Financial Strategy. When the Budget was approved in February, the funding gap was noted as £1.7m. As ever, this is likely to change in the next iteration.
- 1.9.2 In respect of the Savings and Transformation Strategy, at Cabinet on 6 June 2023 it was agreed (Minute CB 23/53 refers) that;

“a timetable for the programme of savings and transformation contributions be progressed, in consultation with Officers, as soon as possible to meet the demands of the budget setting process to ensure the target of £500,000 was achieved by the start of the financial year 2024/25.”

- 1.9.3 Informal discussions have taken place between Management Team and Cabinet on proposed savings and these will be reported to Cabinet with the MTFS in November.

1.10 Budget Consultation

- 1.10.1 Members have not undertaken a dedicated budget consultation with the public for some time, although more recently a public consultation was undertaken in order to assist in the formulation of the Council's latest Corporate Strategy.
- 1.10.2 In its Annual Audit Report for 2022/23 (presented to the Audit Committee on 25 September 2023), the External Auditors, Grant Thornton, noted that the Council does not routinely undertake a Budget Consultation and therefore, within a Key Recommendation, recommended that the Council improves its performance management arrangements by:

“engaging key stakeholders, where appropriate, to determine local priorities for resources or opportunities for savings.”

1.10.3 Cabinet may wish to reflect on this recommendation to determine whether it might wish to engage with the public and other stakeholders to evaluate future options for savings.

1.10.4 Cabinet's instructions are **REQUESTED**.

1.11 Capital Monitoring Statement

1.11.1 Appended for information at **[Annex 3]** is a capital monitoring statement which compares actual capital expenditure for the period 1 April 2023 to 31 August 2023 with the 2023/24 Capital Plan. The Capital Plan for 2023/24 is based on the 2023/24 budgets that were approved by Council on 21 February 2023, amended for slippage from 2022/23.

1.11.2 Prior year's expenditure is only shown for finite schemes for which there is a budget in 2023/24. 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.

1.11.3 Capital Plan schemes which are scheduled to start in 2024/25 and beyond have not been shown. The budget profile for these schemes can be found in the [2023/24 Revenue and Capital Budgets Book](#).

1.11.4 Cabinet will note a Capital Plan spend (net) at the end of August 2023 of income of £236,000 against a budget for the year of £7,851,000.

1.11.5 The largest project, the refurbishment of the Gibson East Building, has yet to commence due to ongoing legal discussions.

1.12 Approved Variations to the Capital Plan

1.12.1 Cabinet 7 March 2023

- Approved the Funding of Grants through the UK Shared Prosperity Fund. This amounts to £10,000 in 2023/24 and £50,000 in 2024/25.

1.13 Capital Plan Issues

1.13.1 The capital plan monitoring statement 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 Committee.

1.14 Business Rates Pooling

1.14.1 For 2023/24, Tonbridge and Malling Borough Council was accepted back into the Kent Business Rates Pool.

- 1.14.2 The pool offers advantages of retaining further income where the Council's Business Rates are above the Baseline set as part of the Government Grant Settlement.
- 1.14.3 When setting the budget for the Council and the pool for 2023/24, it was predicted that the borough would be £707,000 above the nationally set baseline and retain £460,000 additional income, **plus** a sum of £106,000 to be managed jointly with Kent County Council for economic development. This compares to a retention of additional income of £353,000 if we were outside of the pooling arrangements.
- 1.14.4 Monitoring as at the end of August 2023 puts the Council at £1,213,000 above the nationally set baseline with a retained local income of £785,000, **plus** a sum of £179,000 for joint economic development activities. This represents favourable variances against 2023/24 estimates of £325,000 for the Council's own retained income, and £73,000 for the joint economic development activities.
- 1.14.5 As at the end of August, 4 of the 6 properties at Panattoni Park on the former Aylesford Newsprint site have been occupied. Three of the four valuations have been received and the charges have been reflected in the above calculations.
- 1.14.6 The remaining two properties are expected to be ready for occupation between the end of this calendar year and sometime in 2024/25.
- 1.14.7 Looking ahead to 2024/25, local authorities are required to indicate their intentions about pool membership by Tuesday 10 October. Discussions within Kent thus far suggest that the pool membership should remain as it is.

1.15 Legal Implications

- 1.15.1 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.

1.16 Financial and Value for Money Considerations

- 1.16.1 As set out above.

1.17 Risk Assessment

- 1.17.1 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.
- 1.17.2 The Council's financial sustainability is at increased risk following the Ukraine conflict and its adverse impact on global economic conditions. In addition, as

highlighted at paragraph 1.6.11, the homelessness caseload is above the levels allowed for within the MTFS and unless these numbers are brought down, there is a risk to the MTFS.

1.17.3 Cabinet is aware that the Strategic Risk Register highlights two separate financial risks as RED at the current time:

- 1) Financial position/budget deficit
- 2) Savings and Transformation Strategy

1.18 Equality Impact Assessment

1.18.1 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.

1.19 Policy Considerations

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

1.20 Recommendations

1.20.1 Cabinet is **REQUESTED** to:

- 1) **Note** that as at the end of August 2023 the projected overall outturn position for the year 2023/24 (paragraph 1.8 refers);
- 2) **Note** the need to identify and implement opportunities to deliver as a minimum tranche one savings target of £500,000;
- 3) **Note** the current business rate pool position as at the end of August 2023; and
- 4) **Consider** whether consultation/engagement with the public regarding potential options for savings should be undertaken (paragraph 1.10 refers).

Background papers:

contact: Paul Worden

Nil

Sharon Shelton
Director of Finance and Transformation