

PROVISIONAL OUTTURN 2019/20

Finance & Investment Advisory Committee - 7 July 2020

Report of: Chief Officer - Finance and Trading

Status: For information

Also considered by: Cabinet - 9 July 2020

Key Decision: No

This report supports the Key Aim of Effective Management of Council Resources

Portfolio Holder Cllr. Matthew Dickins

Contact Officer Alan Mitchell, Ext 7483

Recommendation to Finance & Investment Advisory Committee: That the provisional outturn report for 2019/20 be noted.

Recommendation to Cabinet: That the provisional outturn report for 2019/20 be noted.

Introduction

- 1 Provisional Financial Outturn figures for 2019/20 are attached at Appendix A.
- 2 A favourable variance of £52,000 has been achieved. A summary of this variance, which represents 0.3% of the net service expenditure budget, is given in Appendix A.
- 3 In addition to the favourable variance above, £554,000 of additional business rates was retained due to being part of the Kent & Medway Business Rates Pool. There was a cost of £61,000 to identify new Business Rate growth which is funded by any new growth and deducted from the reserve transfer.
- 4 In line with the financial strategy the additional business rates surplus will be transferred to the Budget Stabilisation Reserve and the New Homes Bonus to the Financial Plan Reserve.
- 5 It was approved by Council on 25 February 2020 that any favourable variances achieved on the 2019/20 budget be put into the Budget Stabilisation Reserve.

- 6 Carry forward requests were considered at the previous meeting of the Finance and Investment Advisory Committee and were approved by Cabinet.
- 7 The reasons for some of the larger year end variances are given in the following paragraphs and explanations for all variances over £10,000 are provided at Appendix B.

People and Places

- 8 Economic Development & Property has commissioned a number of feasibility studies and other preparatory work for property investment projects leading to an unfavourable variance of £49,000. These costs were offset by underspends on salaries due to a restructure.
- 9 Leisure contract activities were reduced which resulted in a favourable variance of £22,000 which partly offsets the Economic Development & Property overspend.

Customer Resources

- 10 Land Charges has proven to be a difficult area this year as previously reported and achieving the challenging income target has not been possible, leading to an unfavourable variance of £49,000.
- 11 Human Resources restructured during the year and required additional staff to deliver the service which resulted in an unfavourable variance of £32,000.
- 12 Support - IT is showing a favourable variance of £27,000 due to an underspend on staff costs and savings on licencing and support costs.
- 13 Support - legal is showing a favourable variance of £43,000 due to salary underspends as recruitment of staff proved difficult.
- 14 Local Tax partnership is showing an unfavourable variance of £124,000. This is due to the new enforcement service that is currently being trialled which did not achieve the full income target for the year. In addition the cost detailed in paragraph 3 above is charged here meaning £61,000 of this overspend will be funded from Business Rate Growth.

Finance and Trading

- 15 The staffing vacancy saving contributions made during the year were £226,000 which exceeded the budget by £82,000.
- 16 The Council retained a budget to enable it to respond to legislation. During the year the cost of any such actions were met from existing budgets within services so this budget has not been required, leading to a favourable variance of £20,000.
- 17 The Internal Audit service was restructured during the year and salary underspends due to a number of vacant posts led to a favourable variance of £27,000.

- 18 Car Parks are showing an unfavourable variance of £299,000 due to Business Rates increases (growth SCIA included in 2020/21 budget process) and increased electricity costs. Parking income is below target due to the slower return from off street parking to Sevenoaks Town Car Park. Also due to COVID-19 all car park charges were suspended from 23 March.
- 19 Asset maintenance at Argyle Road is showing a variable variance of £28,000 due a delay in works.
- 20 Estate Management Buildings and Grounds are showing unfavourable variances of £52,000 and £22,000 respectively . This was due to the cost of Business Rates on Meeting Point, Swanley and essential tree work undertaken.
- 21 Income from Markets was higher than budgeted following the re-tendering of the Sevenoaks and Swanley markets providing a favourable variance of £43,000
- 22 Support - General Admin (Post/Scanning) is showing a favourable variance of £38,000 due to ongoing savings due to redeployment of staff in other areas.
- 23 Direct Services is showing an unfavourable variance, £115,000 which is due to Income £66,000 below budget and expenditure £49,000 above budget. Income is below budget on Trade Waste, Cesspools and Pest Control and there are overspends on Refuse, Green Waste and Fleet partly due to COVID-19.

Planning Services

- 24 Environmental Protection is showing a favourable variance of £54,000 due to expenditure on air quality monitoring which has been either delayed due to the situation with COVID-19, or funded by S106 contributions. This also reflects a reduction in the payment of hub costs, agreed with Dartford BC.
- 25 Planning policy is showing a favourable variance due to a vacant post.
- 26 Planning appeals is showing an unfavourable variance due to the result of appeal decisions
- 27 Development management is showing a favourable variance of £265,000 as a result of an underspend on salaries due to vacant posts, which are still proving difficult to fill, and an overachievement on fee income due to a small number of high fee applications.
- 28 Planning - Enforcement is showing an unfavourable variance of £114,000 due to increased enforcement activity, including the successful serving of injunctions, associated costs and the salary cost of our temporary officers.
- 29 Planning Performance Agreement is showing an unfavourable variance of £50,000 due to salary costs for the Urban Designer.

- 30 Administrative expenses - Planning Services is showing an unfavourable variance of £47,000 as a result of staff training and development, including university fees.

Other Outturn Variances

- 31 A favourable variance of £554,000 has been included for Retained Business Rates. The budget for Retained Business Rates was based on an initial assessment of the benefits of being part of the Kent & Medway Business Rates Retention Pool which was exceeded due to a higher level of Business Rates being obtained across the county.
- 32 Investment Interest is showing a favourable £66,000. Return on investments has performed well this year with actual returns exceeding budgeted values.
- 33 Investment property income has exceeded budget due to the properties owned by the council and interest from the loans to Quercus 7.
- 34 The impact of the COVID-19 pandemic started during March. The cost to the end of March was £178,000 which consisted of lost income of £129,000 and additional costs of £49,000. These costs have been funded from the grants received from Government but the majority of the COVID-19 financial impact will be realised within the 2020/21 financial year.

Key Implications

Financial

There are no additional financial implications arising from this report

Legal Implications and Risk Assessment Statement.

Under section 151 of the Local Government Act 1972, the section 151 officer has statutory duties in relation to the financial administration and stewardship of the authority.

Equality Assessment

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.

Conclusions

The 2019/20 financial year has proven to be an extremely challenging year. However, in the light of the financial pressures arising during the year, it is pleasing to report to Members a positive year end position.

The outturn position could not have been achieved without the commitment and hard work of both Members and Officers.

Risk Assessment Statement

These results are still provisional and may change due to issues arising from the closure of the Council's accounts, which due to COVID-19 have been delayed to 30 June 2020 after which they will be audited and may be subject to change.

Appendices

Appendix A - Outturn Summary

Appendix B - Explanation of variances

Background Papers:

See appendices

Adrian Rowbotham

Chief Officer - Finance and Trading