

PROVISIONAL OUTTURN 2018/19

Finance & Investment Advisory Committee - 4 June 2019

Report of: Chief Finance Officer

Status: For information

Also considered by: Cabinet - 13 June 2019

Key Decision: No

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

Portfolio Holder Councillor Matthew Dickins

Contact Officer Alan Mitchell, Ext 7483

Recommendation to Finance & Investment Advisory Committee: That the provisional outturn report for 2018/19 be noted.

Recommendation to Cabinet: That the provisional outturn report for 2018/19 be noted.

Introduction

- 1 Provisional Financial Outturn figures for 2018/19 are attached at Appendix A.
- 2 A favourable variance of £85,000 has been achieved. A summary of this variance, which represents 0.6% of the net service expenditure budget, is given in Appendix A.
- 3 In addition to the favourable variance above, £1.320m of additional business rates was retained due to being part of the Kent & Medway Business Rates Pilot. In line with the financial strategy, £1.303m of this was transferred to the Budget Stabilisation Reserve
- 4 It was approved by Council on 26 February 2019 that any favourable variances achieved on the 2018/19 budget be put into the Budget Stabilisation Reserve.
- 5 Carry forward requests were considered at the previous meeting of the Finance Advisory Committee and were approved by Cabinet.

- 6 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.

Communities and Business

- 7 Community Safety incurred additional legal costs relating to the Convent of Mercy development which had led to an unfavourable variance of £45,000.
- 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 £36,000,

Corporate Services

- 9 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 £77,000. The scheme has been reviewed and a revised pricing structure agreed by Members that should address this variance.

Environmental & Operational Services

- 10 Car Park income has exceeded the budget by £72,000 however essential expenditure on the car parks, such as repairs and maintenance, rental of temporary parking whilst Sevenoaks Town Car Park was being constructed as well as an increase in rates and a contribution to the property investment strategy in relation to 96 High Street has led to an overall unfavourable variance of £122,000.

Finance

- 11 The staffing vacancy saving contributions made during the year were £237,000 which exceeded the budget by £93,000.
- 12 Local Tax is showing an unfavourable variance of £90,000 due to the new enforcement arrangements not being in place for the full year, impacting on income expectations. Also payments to an external company to maximise Business Rates income are incurred here but the income is shown on the Retained Business Rates line.

Planning Services

- 13 Building Control is showing a positive variance £45,000 due to income levels being higher than budgeted and partnership costs being lower than anticipated.
- 14 Development management is showing an unfavourable variance of £59,000 due to underachievement of planning fees partly offset by staffing vacancies throughout the year.

Direct Services Trading Account

- 15 Direct Services is showing a favourable variance, £5,000 which is due to efficiencies and savings on expenditure as well as additional income.

Other Outturn Variances

- 16 A favourable variance of £1,320,000 has been included for Retained Business Rates. This figure is higher than originally forecast, but is subject to external factors including appeals and also decisions by the Valuation Office which can be made late in the financial year making predictions more difficult. 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 Pilot scheme which was exceeded due to a higher level of Business Rates being obtained across the county.
- 17 Investment Interest is showing a favourable £183,000. Return on investments has performed very well this year. Increased cash balances at the start of the year also aided in returning income higher than budget
- 18 Investment Property Income is showing a favourable £20,000 due to rent levels increasing and savings on business rates.

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

As with previous years 2018/19 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 will be completed by 31 May 2019.

Appendices

Appendix A - Outturn Summary

Appendix B - Explanation of variances

Background Papers:

See appendices

Adrian Rowbotham
Chief Finance Officer