


Agenda Item No:	7	
Committee:	Cabinet	
Date:	27 June 2019	
Report Title:	Council Revenue and Capital Outturn 2018/19	

Cover sheet:

1 Purpose / Summary

To consider the income and expenditure (known as “Outturn”) for the Council for 2018/19 and reasons for variations.

2 Key issues

Revenue

- The Council’s provisional General Fund services net under-spend (before transfers to balances) is £200,418 for the financial year 2018/19.
- At this stage, it is proposed to transfer this under-spend to the General Fund Balance, pending further member consideration later this year during the budget-setting process for 2020/21. Members are reminded that a contribution of £150,720 from the General Fund Balance was included in the 2019/20 budget to fund the 0% Council Tax increase for 2019/20.
- Given the scale of the challenges faced by the Council, the financial position at the year-end represents a considerable achievement and demonstrates the focus from Members and officers throughout the Council in delivering the required savings.
- As a result of continuing prudent financial management, the Council is in an improved position to deal with the significant ongoing financial challenges over the medium term and the risks which will need to be factored into financial planning during Autumn 2019.

Capital

- The Capital Programme has been underspent by £775,000. This compares with an under-spend of £371,000 in 2017/18. The variations relate to a number of re-phrasings across the Programme. There is no loss of resources arising from this re-phrasing as shown in Appendix B(i), which has been input to the 2019/20 Programme as appropriate.

3 Recommendations

- It is recommended that :-
 - (i) The Provisional Outturn for the Council’s General Fund services in 2018/19, as detailed at Appendix A and Section 2 of this report be noted and that Members approve the contribution to General Fund Balance detailed at paragraph 2.4;
 - (ii) The reasons for the variations from estimate be noted;
 - (iii) The proposed Capital Funding schedule for 2018/19 at Appendix B(i) be approved.

Wards Affected	All
Forward Plan Reference	
Portfolio Holder(s)	Cllr Chris Boden, Leader & Portfolio Holder, Finance
Report Originator(s)	Peter Catchpole, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
Contact Officer(s)	Paul Medd, Chief Executive Peter Catchpole, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
Background Paper(s)	Budget Setting Reports Monthly Budgetary Control Reports 2018/19 Final Accounts Working Papers 2018/19

1 Introduction

- 1.1 The Council's income and expenditure figures for General Fund services and the Capital Programme for the financial year 2018/19 (known as 'Outturn') are presented in this report.
- 1.2 The Accounts and Audit Regulations 2015 require that the Council's Statement of Accounts be signed off by the Corporate Director and Chief Finance Officer by the end of May 2019 for the financial year ended 2018/19 and this has been achieved. Although there is no formal requirement for the Corporate Governance Committee to review the accounts prior to external audit, that Committee has reviewed the Statement of Accounts for 2018/19 at its meeting on 18 June 2019.
- 1.3 The figures presented are all provisional pending audit by the Council's external auditors EY (Ernst & Young), who will be inspecting the accounts over the next month with the aim of presenting an audit opinion by the end of July 2019. This will be presented to the Corporate Governance Committee on 29 July 2019, where the Committee will also be presented with the final Statement of Accounts. The information in this report is therefore provisional with any significant or material changes reported back to Members at a later stage.

2 The Revenue Budget

- 2.1 In January 2019 the preliminary forecast for the Council's year end position was conservatively estimated as an under-spend of at least £103,000. Following the closure process, the full position shows a net underspend of £200,418, £97,418 higher than previously forecast. The net under-spend of £200,418 represents just 0.78% of the gross budget of £25.8m and compares with an under-spend of £935,000 in 2017/18.
- 2.2 Of the total under-spend for the year, one off variations total £121,000. Of this amount, £166,000 relates to additional VAT/Right to Buy receipts from Clarion Housing, £105,000 to additional fees and charges received, £44,000 additional government grants and investment income, £43,000 lower costs associated with the Leisure Contact implementation and the £43,000 contingency sum for an enhanced Economic Development Service not being required. These have been off-set by £116,000 additional bad debts provision required mainly for overpaid housing benefit debt, £41,000 net impact of the Business Rates retention system and a £23,000 net impact of the Housing Benefit Subsidy claim. In addition, an assessment of potential costs relating to remedial works arising from previous years' solid wall insulation programme has resulted in a prudent provision of £100,000 being set aside in reserve.
- 2.3 An analysis of the overall position is shown at Appendix A(i) and explanations of variances are detailed in Appendix A(ii).
- 2.4 At this stage, it is proposed to transfer the under-spend to the General Fund Balance, pending further member consideration later this year during the budget-setting process for 2020/21. Members are reminded that a contribution of £150,720 from the General Fund Balance was included in the 2019/20 budget to fund the 0% Council Tax increase for 2019/20.
- 2.5 This Outturn position allows the Council to strengthen the funding assumptions underpinning its Medium Term Financial Strategy and to mitigate the financial risks associated with the Government's pending financial reforms.
- 2.6 The Council's reserves will be reviewed again as part of the 2020/21 budget process during the Autumn of 2019.

Conclusion

- 2.7 As a result of the hard work by Members and officers across the Council in achieving savings and controlling costs, it is pleasing to report that a contribution to balances can be recommended.
- 2.8 Members are reminded that the Council will need to prepare from the early Summer in the months ahead for the Autumn budget process. As last year it is envisaged that a further Business Review will be undertaken to understand:
- (i) the first three months income and expenditure levels in the current financial year 2019/20;
 - (ii) a review of the outturn position to understand whether further savings can be taken safely from base budgets and
 - (iii) to assess the extent of progress with the remaining CSR1 projects and other savings included in the 2019/20 budget.

3 Capital Programme

- 3.1 The Capital Programme has been underspent by £775,000. The variation relates to the re-phasing of a number of schemes across the programme and these can be seen in Appendix B(ii). There is no loss of resources associated with the re-phasing of these elements of the programme. Both expenditure and resources will be re-profiled into 2019/20 as necessary.
- 3.2 The updated Capital Programme for 2019-22 is at a separate agenda item.

FENLAND DISTRICT COUNCIL

Summary of Revenue Estimates

Service Summary	Revised Estimate 2018/19 £	Outturn 2018/19 £	Variation compared with Revised £
Growth & Infrastructure	1,609,795	1,343,263	-266,532
Housing, Environment, Leisure & Community	4,528,370	3,465,306	-1,063,064
Resources & Customer Services	6,096,410	6,205,570	109,160
Planning, Policy & Governance	1,699,010	1,671,593	-27,417
NET COST OF GENERAL FUND SERVICES	13,933,585	12,685,732	-1,247,853
Corporate Items			
Contributions to/ (from) Earmarked Reserves	-919,427	394,494	1,313,921
Revenue Funding of Capital Expenditure	1,063,000	1,001,000	-62,000
RTB/VAT Sharing Income	-90,000	-226,007	-136,007
Financing Charges - <i>Interest/Minimum Revenue Provision</i>	658,925	658,990	65
Investment Income	-170,000	-176,672	-6,672
New Homes Bonus	-1,426,180	-1,426,177	3
Council Tax Support - <i>Payments to Parish Councils</i>	29,750	29,750	0
Corporate Adjustments	-853,932	255,378	1,109,310
Net Expenditure	13,079,653	12,941,110	-138,543
Core Funding			
Revenue Support Grant	-443,802	-443,802	0
Business Rates Baseline Funding	-3,560,925	-3,560,925	0
Business Rates - net additional income above baseline <i>(government grants for reimbursement of reliefs, growth less levy payments)</i>	-1,688,738	-1,647,615	41,123
Council Tax Collection Fund Surplus(-)	-110,000	-109,998	2
Business Rates Collection Fund Deficit (+)	168,682	168,682	0
Council Tax	-7,547,870	-7,547,870	0
Net Surplus(-) before transfer to reserves	-103,000	-200,418	-97,418
Transfer to General Fund Balance	103,000	200,418	97,418
Net Surplus(-) after transfer to balances	0	0	0

Summary of Revenue Provisional Out-turn 2018/19 - Main Variances

Service Area	Description	Over(+) / Under spend (-) £000
<u>One-Off Variations</u>		
Fees and Charges	Income variations across a variety of services	
	Garden Waste Subscriptions	-47
	Marine Services	-137
	Economic Estates	-15
	Trade Waste	-22
	Planning Fees	118
	Other services	-2
		<u>-105</u>
Other Income/Costs	Clarion VAT/RTB arrangement - mainly higher RTB sales	-166
	Additional Government Grants and Investment Income	-44
	Net impact of Housing Benefit subsidy claim and ARP contributions	23
	Net additional Bad Debts Provision for Debtors, Court Costs and Overpaid Housing Benefit	116
	Contingency for enhanced Economic Development Service not required	-43
	Lower costs associated with Leisure Contract implementation	-43
	Provision for potential cost of Solid Wall Insulation remediation	100
Business Rates Retention	Net impact of Business Rates income received, additional grant, appeals provision, tariff and levy payable to government.	41
	Sub-Total One-Off Variations	<u>-121</u>
<u>Service Base Variations</u>		
Employee Costs	Variance across a variety of services mainly resulting from vacancies	-33
Premises Costs	Higher Maintenance costs across a variety of services off-set by lower costs of Utilities and Grounds Maintenance.	8
Transport Costs	Lower costs across a variety of services mainly from lower officer car mileage and vessel maintenance costs at the Port	-4
Supplies and Services	Lower costs across all services	-87
Third Party Payments	Additional Dry Recycling Costs	37
	Sub-Total Service Base Variations	<u>-79</u>
	Net savings 2018/19 - transferred to General Fund Balance	<u>-200</u>
Net savings as a % of Gross Budget (£25.761m for 2018/19)		0.78%

CAPITAL PROGRAMME AND FUNDING OUTTURN 2018/2019

	Budget £000	Actual £000	Variance £000
TOTAL EXPENDITURE	3,743	2,968	(775)
RESOURCES AVAILABLE			
Capital Grants	1,222	902	320
Usable Capital Receipts - In Year	144	132	12
Usable Capital Receipts - B/fwd	6	6	0
Reserves used in year to fund Capital	1,063	1,001	62
Section 106's and Other Contributions	330	330	0
Borrowing (Internal and Prudential)	978	597	381
Total Available Resources to fund Expenditure	3,743	2,968	775

GENERAL FUND CAPITAL EXPENDITURE VARIATIONS 2018/19

SCHEME	VARIATION £000	REASON
Leisure Centres		
Leisure Equipment Purchases	+31	Bulk purchase of new equipment brought forward. 2019/20 allocation adjusted
Hudson Leisure Centre Improvements	+11	Timetable of project adjusted to ensure prompt completion. 2019/20 allocation adjusted
Building Improvements	-37	Expenditure re-profiled to 2019/20 financial year
Parks and Open Spaces		
Water Tower Park, Whittlesey	-42	Expenditure re-profiled. Scheme to be delivered in 2019-20
Regeneration Programme		
Fenland Renaissance and Place Shaping	-16	Funding allocated not yet awarded. Allocation carried forward to 2019-20
Heritage Lottery Fund - Match Funding bid	-50	Expenditure re-profiled and due to be incurred in 2019/20
Heritage Lottery Fund - 24 High Street, Wisbech	-57	Expenditure re-profiled and due to be incurred in 2019/20
Highways		
Street Lighting	-28	Savings realised on new contract
Street Light Improvements - Parishes	-12	Awaiting contractor confirmation that works complete.
Street Light Improvements - Contribution to Parish		
Category 2 Replacements	-44	Funding allocated to Parishes not yet drawn down
Car Parks		
City Road, March	-27	Underspend due to changes in tender specification requested by FDC
Office Accommodation		
AV Equipment in Council Chamber	-40	Work re-profiled and completed in early 2019/20
Reversion Works at March and Wisbech One Shops	-27	Work at Broad Street premises re-profiled to 2019/20 financial year.
ICT System Replacement Programme & Infrastructure Upgrades		
Information Technology	-34	Budget commitments carried forward to 2019/20
Private Sector Housing Support		
Disabled Facilities Grants	-287	Expenditure dependant on throughput of grant applications. Remaining budget committed but not spent and carried forward to 2019/20.
Vehicles		
Vehicle Purchases	-59	Vehicles Ordered but not delivered prior to year-end. 2019/20 allocations adjusted
Other Minor Variations		
Various	-57	Minor budget variations.
Total	<u><u>-775</u></u>	

Key

- indicates the scheme is underspent by the amount shown

+ indicates the scheme is overspent by the amount shown