


Agenda Item No:	6	
Committee:	Cabinet	
Date:	06 August 2020	
Report Title:	Council Revenue and Capital Outturn 2019/20	

1 Purpose / Summary

To inform Cabinet of the income and expenditure (known as “Outturn”) for the Council for 2019/20 and reasons for variations.

2 Key issues

Revenue

- The Council’s provisional General Fund services net underspend is £115,307 for the financial year 2019/20. This is £21,470 higher than the projected underspend of £93,837 as reported to Council in February 2020.
- The under-spend of £115,307 has been transferred to the Budget Equalisation Reserve in accordance with the decision made by Council at their meeting on 9th January 2020 which established this reserve and approved that any underspend in 2019/20 be transferred to this reserve. As at 31 March 2020, this reserve has a balance of £315,307.
- The General Fund balance at 31 March 2020 remains at the approved minimum level of £2m.
- Given the scale of the challenges faced by the Council in 2019/20, 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 in 2020/21 and the medium term resulting from COVID-19. A budget update report incorporating the latest information relating to the impact of COVID-19 is being presented to Council later today.
- The Council’s Statement of Accounts 2019/20 (subject to external audit) was signed off by the Corporate Director and Chief Finance Officer on 10 July 2020 as required by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 and the Council’s external auditors, Ernst & Young (EY) began their audit work on 13 July 2020. In accordance with the above regulations, the final audited accounts should be published by 30 November 2020. EY’s Audit Results Report is scheduled to be presented to Corporate Governance Committee on 2 November 2020 with the final audited accounts being published soon after, following receipt of the auditor’s opinion.
- The Statement of Accounts 2019/20 incorporate all the outturn figures, revenue and capital presented in this report.

Capital

- The Capital Programme has been underspent by £591,000. This compares with an under-spend of £775,000 in 2018/19. 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 2020/21 Programme as appropriate.

3 Recommendations

- It is recommended that :-
 - (i) The Outturn for the Council's General Fund services in 2019/20, as detailed at Appendix A and Section 2 of this report be noted and that Members note the transfer of the underspend to the Budget Equalisation Reserve;
 - (ii) The reasons for the variations from revised estimate be noted;
 - (iii) The proposed Capital Funding schedule for 2019/20 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 2019/20 Final Accounts Working Papers 2019/20

1 Introduction

- 1.1 The Council's income and expenditure figures for General Fund services and the Capital Programme for the financial year 2019/20 (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 following the financial year ended 2019/20 and for the final audited Statement of Accounts to be published by the end of July.
- 1.3 In anticipation of the potential disruption to local authorities caused by COVID-19, the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 were introduced to extend the deadlines. For the 2019/20 Statement of Accounts, the draft accounts must be signed off by 31 August 2020 by the Corporate Director and Chief Finance Officer and the publication of the final audited accounts has moved to 30 November 2020.
- 1.4 To meet the agreed timetable of the external auditors (EY), the draft Statement of Accounts was signed off by the Corporate Director and Chief Finance Officer on 10 July 2020, well within the amended deadline. These draft accounts, which are subject to external audit, have been published on the Council's website along with the required notice of the Exercise of Public Rights to inspect the accounts.
- 1.5 The figures presented are all provisional pending audit by the Council's external auditors EY (Ernst & Young), who began their work on 13 July 2020. EY's Audit Results Report will be presented to Corporate Governance Committee on 2 November 2020, where the Committee will also be presented with the final Statement of Accounts. Following receipt of the external auditor's opinion, the final audited Statement of Accounts 2019/20 will be published on the Council's website. This is expected to be well within the deadline of 30 November 2020. 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 February 2020 the Council's year end position was estimated as an under-spend of £93,837. Following the closure process, the full position shows a net underspend of £115,307, £21,470 higher than previously forecast. The net under-spend of £115,307 represents just 0.45% of the gross budget of £25.3m and compares with an under-spend of £200,418 in 2018/19.
- 2.2 An analysis of the overall position is shown at Appendix A(i) and explanations of variances are detailed in Appendix A(ii).
- 2.3 Of the additional under-spend for the year, one off variations total £306,000. Of this amount, £266,000 relates to additional fees and charges received and £40,000 to additional government grants. Service underspends amount to £347,000. These have been off-set by a contribution to the Capital Contribution Reserve of £632,000 to fund the purchase of leisure equipment rather than using borrowing. This will save the revenue account £126,000 per annum from 2020/21 in lower Minimum Revenue Provision charges which would have been incurred if funding the purchase by borrowing.
- 2.4 Together with the projected underspend of £93,837 (as detailed in the budget report to Cabinet and Council on 20 February 2020), the additional underspend of £21,470 (detailed in 2.3 above) brings the total underspend in 2019/20 to £115,307. This has been transferred to the Budget Equalisation Reserve in accordance with the decision made by Council at their meeting on 9th January 2020 which established this reserve and approved that any underspend in 2019/20 be transferred to this reserve. As at 31 March 2020, this reserve has a balance of £315,307.

- 2.5 As a result of continuing prudent financial management, the Council is in an improved position to deal with the significant ongoing financial challenges in 2020/21 and the medium term resulting from COVID-19. A budget update report incorporating the latest information relating to the impact of COVID-19 is being presented to Council later today.
- 2.6 The Council's reserves will be reviewed again as part of the 2021/22 budget process during the Autumn of 2020.

3 Capital Programme

- 3.1 The Capital Programme has been underspent by £591,000. This compares with an under-spend of £775,000 in 2018/19. The variations relate to a number of re-phrasings across the Programme. There is no loss of resources arising from this re-phasing as shown in Appendix B(i), which has been input to the 2020/21 Programme as appropriate.
- 3.2 The updated Capital Programme for 2020-23 is included as a separate agenda item

FENLAND DISTRICT COUNCIL

Summary of Revenue Estimates

	Revised Estimate 2019/20 £	Outturn 2019/20 £	Variation compared with Revised £
Service Summary			
Growth & Infrastructure	1,439,880	1,210,345	-229,535
Communities, Environment, Leisure & Planning	5,091,529	4,369,383	-722,146
Resources & Customer Services	6,401,010	6,238,922	-162,088
NET COST OF GENERAL FUND SERVICES	12,932,419	11,818,650	-1,113,769
Corporate Items			
Contributions to/ (from) Earmarked Reserves	-1,277,593	-116,265	1,161,328
RTB/VAT Sharing Income	-120,000	-110,196	9,804
Drainage Board Levies	1,464,110	1,464,106	-4
Financing Charges - <i>Interest/Minimum Revenue Provision</i>	745,231	745,990	759
Investment Income	-200,000	-202,331	-2,331
New Homes Bonus	-1,294,000	-1,293,863	137
Business Rates - net additional income above baseline <i>(government grants for reimbursement of reliefs, growth less levy payments)</i>	-1,432,834	-1,510,228	-77,394
Corporate Adjustments	-2,115,086	-1,022,787	1,092,299
Net Expenditure	10,817,333	10,795,863	-21,470
Core Funding			
Business Rates Baseline Funding	-3,642,529	-3,642,529	0
Council Tax Collection Fund Surplus(-)	-59,319	-59,319	0
Business Rates Collection Fund Deficit (+)	442,988	442,988	0
Council Tax	-7,652,310	-7,652,310	0
Net Surplus(-) transferred to Budget Equalisation Reserve	-93,837	-115,307	-21,470

Summary of Revenue Provisional Out-turn 2019/20 - Main Variances

Service Area	Description	Over(+) / Under spend (-) £000
<u>One-Off Variations</u>		
Fees and Charges	Income variations across a variety of services	
	Enforcement Fees (Housing Standards -£51k)	-52
	Marine Services	-49
	Planning & Pre-App Fees	-55
	Court Costs raised	-18
	Trade Waste	-20
	Cemeteries	-27
	Assets & Projects	-16
	Other services	-29
		<u>-266</u>
Other Income/Costs	Additional Government Grants	-40
	Sub-Total One-Off Variations	<u>-306</u>
<u>Service Base Variations</u>		
Employee Costs	Variance across a variety of services mainly resulting from vacancies	-158
Transport Costs	Lower costs across a variety of services mainly from lower officer car mileage and lower vehicles/vessel maintenance costs	-45
Supplies and Services	ICT - Lower Telephones/Software/Maintenance costs	-57
	Homelessness - additional Bed & Breakfast costs	15
	Other Grants - lower payments eg. Community Events, Small Grants etc	-20
	Lower costs across all services	-77
Third Party Payments	Lower Gate Fees and Higher Dry Recycling Credits	-37
	Net impact of Housing Benefit subsidy claim, overpayments and	32
	Sub-Total Service Base Variations	<u>-347</u>
	Funding of Leisure Equipment via Capital Contribution Reserve (instead of borrowing) to reduce MRP in future years. MRP reductions of £126k p.a. for 5 years from 2020/21.	632
	Additional Surplus	<u>-21</u>
	Projected Surplus 2019-20 at Revised Estimate (Cabinet/Council February 2020)	-94
Net Surplus 2019-20	Transferred to Budget Equalisation Reserve	<u>-115</u>
Net savings as a % of Gross Budget (£25.294m for 2019/20)		0.45%
	Balance on Budget Equalisation Reserve as at 09.01.20	200
	Transfer of Surplus in 2019-20	115
	Balance on Budget Equalisation Reserve as at 31.03.20	<u>315</u>

2019-20 Variance Analysis - Revised Estimate to Actual

		£000	£000
Expenditure variances			
Employee Costs	Lower costs across variety of services	-158	
Car Allowances/Mileage	Lower costs across variety of services	-19	
ICT	Lower Telephones/Software/Maintenance costs	-57	
Dry Recycling	Lower Gate Fees and Higher Recycling Credits	-37	
Council Transport - Vehicles/Vessels	Lower running costs	-26	
Supplies and Services	Lower costs across variety of services	-77	
Other Grants	Lower payments eg. Community Events, Small Grants etc	-20	
Homelessness	Additional Bed & Breakfast costs	15	
HB Subsidy/Overpayments/Bad Debts Provision	Net impact	32	
		<u> </u>	-347
Income variances			
Government Grants	New Burdens - Transparency Code (-£8k); Levy Surplus (-£12k); Parson Drove Plan Referendum (-£20k)	-40	
Sales - General	Higher income across variety of services	-19	
Enforcement Fees	Housing Standards (-£51k)	-52	
Recharge to clients	Marine Services (-£36k); Assets & Projects (-£16k); Other (-£3k)	-55	
Planning & Pre-App Fees	Higher fees	-55	
Court Costs	Higher Council Tax costs raised	-18	
Receipts	Higher income across variety of services	-19	
Trade Waste	Higher fees - bin hire	-20	
Cemeteries	Higher income	-27	
Marine Services	Higher income	-13	
Search Fees	Lower income	12	
		<u> </u>	-306
			<u> </u>
			-653
			632
			<u> </u>
			-21
			-94
			<u> </u>
			-115
		200	
		<u>115</u>	
		<u>315</u>	

CAPITAL PROGRAMME AND FUNDING OUTTURN 2018/19

	Budget £000	Actual £000	Variance £000
TOTAL EXPENDITURE	5,507	4,916	(591)
RESOURCES AVAILABLE			
Capital Grants	1,454	1,433	(21)
Usable Capital Receipts - In Year	467	445	(22)
Reserves used in year to fund Capital	672	1,539	867
Section 106's and Other Contributions	65	193	128
Borrowing (Internal and Prudential)	2,849	1,306	(1,543)
Total Available Resources to fund Expenditure	5,507	4,916	(591)

GENERAL FUND CAPITAL EXPENDITURE VARIATIONS 2019/20

SCHEME	VARIATION £000	REASON
Leisure Centres		
Hudson Leisure Centre Improvements	-32	Works completed within budget without needing to use all contingencies
Building Improvements	-71	Expenditure re-profiled to 20/21 financial year
Regeneration Programme		
Fenland Renaissance and Place Shaping	-16	Funding allocated not yet awarded. Allocation carried forward to 2020-21
Heritage Lottery Fund - Match Funding bid	-81	Expenditure re-profiled and due to be incurred over the life of the project
Heritage Lottery Fund - 24 High Street, Wisbech	-11	Expenditure re-profiled and due to be incurred over the life of the project
Railway Station Improvements	189	Expenditure brought forward as installation of shelters completed earlier than anticipated
Highways		
Street Lighting	-178	Delays in delivery of replacement programme due to Covid 19 restrictions
Street Light Improvements - Contribution to Parish		
Category 2 Replacements	-90	Funding allocated to Parishes not yet drawn down
CCTV		
Camera Replacements	-38	Planned replacements completed prior to Covid 19 restrictions. Have been completed in early part of 2020-21 financial year
Office Accommodation		
Fenland Hall	-57	Work re-profiled and will be completed in 2020/21 financial year
ICT System Replacement Programme & Infrastructure Upgrades		
Information Technology	-46	Budget commitments carried forward to 2020/21
Private Sector Housing Support		
Disabled Facilities Grants	-150	Expenditure dependant on throughput of grant applications. Remaining budget committed but not spent and carried forward to 2020/21
Other Minor Variations		
Various	-10	Minor budget variations.
Total	-591	

Key

- indicates the scheme is underspent by the amount shown
- + indicates schem is overspent by the amount shown