

NON EXEMPT

HAVANT BOROUGH COUNCIL

CABINET

11 September 2019

2018/19 PROVISIONAL REVENUE AND CAPITAL OUTTURN
Lydia Morrison, Chief Finance Officer and Director of Corporate Services

FOR INFORMATION

Portfolio: Portfolio Holder for Finance
Cllr Leah Turner

Executive Director: Lydia Morrison

Key Decision: No

1.0 Purpose of Report

1.1 This report provides summary information regarding the provisional outturn for 2018/19.

2.0 Recommendation

2.1 That Cabinet endorses the provisional outturn for 2018/19, including the transfers to and from Reserves and Balances actioned by the Chief Finance Officer.

2.2 That Cabinet endorses the carry forward of underspends and grants actioned by the Chief Finance Officer.

3.0 Executive Summary

3.1 All authorities have a legal duty to produce annual accounts, in support of openness and accountability. It is pleasing to report that the statutory deadline of 31 May was met and the Draft Statement of Accounts were completed and signed off by the Chief Finance Officer on that date. The audit of accounts by Ernst Young is currently underway and for information the draft Statement of Accounts itself is freely available on the Council's website.

3.2 This report provides Cabinet with an update on the provisional outturn, and seeks endorsement on certain matters.

4.0 Provisional Revenue Outturn Summary

4.1 A summary of the revenue outturn position for the financial year 2018/19 is set out in the following table.

	Budget	Provisional Outturn	Variance (Favourable) / Adverse
	£'000	£'000	£'000
Net Revenue Expenditure	16,175.8	18,234.2	2,058.4
Council Tax, Business Rates & Grants	(16,175.8)	(18,263.2)	(2,087.4)
NET (SURPLUS) / DEFICIT		(29.0)	(29.0)

4.2 The 2018/19 financial year saw further cuts in Government funding amounting to £707K in respect of Revenue Support Grant and New Homes Bonus. The outturn should be considered in that context.

4.3 After allowing for various year-end adjustments, there has been a net underspending of £29K against the overall Budget for 2018/19 and a summary statement is included at *Appendix A*. The underspending represents 0.6% of the Council's net revenue budget. If compared with the Council's gross budget, however, which is in the region of £23M, the level of net underspending is very minor.

4.4 Variance analysis is provided at *Appendix B*. There are some significant adverse variances which will need to be addressed going forward, to ensure they do not continue. Of particular concern are areas where budget challenges and income targets were not met. In total this amounted to £907K, and the main areas are as follows:

Main Areas	Under Recovery £'000
Leisure Management	300
Norse Contract	100
Neighbourhood Support	250
Planning	50
Investment Properties	207
Total	907

4.5 However, this shortfall has been offset by a combination of additional income (£725K) in other service areas, vacancy savings (£139K) and other net variances (£72K).

4.6 Overall the outturn position is positive, which is encouraging given the significant financial uncertainty and challenges ahead. The current financial strategy is still based on taking proactive management

decisions to save money and maximise income. However, where income targets are set it is essential they are met. More targeted monitoring of income budgets will be needed with more proactive management actions taken where it is found to be under performing.

- 4.7 The results of the outturn will feed into the forthcoming review of the Medium Term Financial Strategy (MTFS), which in turn will lead into the 2020/21 budget setting process.

5.0 Reserves and Balances

- 5.1 In closing the accounts for last year the Council's reserves have been reviewed. A full statement is attached at *Appendix C* and the main transfers regarding are highlighted specifically below:

- General Fund Balance – carry forward of underspends and grants of £796,666 transferred in – these will be released back to services in 2019/20. In addition, the overall underspend of £29,028 has been transferred into the reserve.
- General Fund Reserve - £22,000 draw down for play equipment maintenance, £189,007 for additional contract costs and £206,108 budgeted transfer to cover Retained Business Rates deficit.
- Transformation Reserve – £334,982 contribution to fund Regeneration (South) and £178,807 to cover redundancy costs.

- 5.2 The transfers have already been reflected in General Fund summary position outline earlier, hence Cabinet is asked to endorse them.

- 5.3 After allowing for these transfers, the General Fund net reserves balance at 31 March 2019 amounts to £9.623M.

6.0 Carry Forwards of Underspensing and Overspensing

- 6.1 Inevitably each year services have underspends due to the timing of works or commitments not completing before the year end, or have received grant monies for specific purposes which will be spent in the following financial year.

- 6.2 Attached at *Appendix D* is a list of the carry forward requests that have been approved by the Chief Finance Officer. It should be noted that the requests approved relate to commitments and that those for discretionary spend have been rejected.

- 6.3 The Chief Finance Officer will be undertaking a review of overspends to determine whether they were controllable or uncontrollable to inform the MTFS review. In future, consideration will also be given as to whether overspends on controllable budgets are carried forward and

drawn from the following year's budget. This will encourage better financial management within services, but also reduce the need to draw on reserves to fund such overspends.

7.0 Capital Outturn

7.1 *Appendix E* includes a provisional capital expenditure and financing statement for the year, which is summarised in the following table:

Capital Programme	Budget £'000	Actual £'000
Housing	1,628	967
Operational Land & Buildings	523	459
Vehicles & Equipment	77	51
Total Programme	2,228	1,477

Capital Financing	Budget £'000	Actual £'000
Use of Specific Reserves	218	0
Capital Receipts	39	510
Grants & Developer Contributions	1,971	967
Total Financing	2,228	1,477

7.2 Spend against the programme was behind forecast mainly in respect of Disabled Facilities Grants.

7.3 During 2019/20 detailed capital monitoring will be introduced to better control the budgeting and spending in all areas, which in turn will be incorporated into future financial monitoring reports.

8.0 Performance Against Corporate Strategy

8.1 *Appendix F* provides an overview of the Council's performance for the year against the key priorities within the Corporate Strategy, in addition to a full analysis of operational performance indicators.

9.0 Additional Budgetary Implications

9.1 None.

10.0 Background and relationship to the Corporate Strategy and Directorate Business Plan

10.1 This report provides Members with an update on the Council's performance against the Corporate Strategy.

10.2 Reporting of the outturn and completion of the Statement of Accounts forms part of the Directorate Business Plan.

11.0 Options considered and reasons for the recommendation

11.1 None.

12.0 Resource Implications

12.1 Financial Implications – as set out in the body of the report.

12.2 Human Resources Implications – none.

13.0 Legal Implications

13.1 None.

14.0 Risks

14.1 The Statement of Accounts is currently being audited and until that process is completed the outturn is still provisional. Any material changes impacting on the outturn will be reported to Members following the completion of the audit.

10 Consultation

10.1 None.

11 Communication

11.1 None.

Appendices:

Appendix A – Provisional Summary Revenue Outturn
Appendix B – Variance Analysis
Appendix C – Reserves and Balances
Appendix D – Carry Forward Approvals
Appendix E – Provisional Capital Outturn
Appendix F – Performance Against Corporate Strategy

Background Papers: None.

Agreed and signed off by:

Monitoring Officer: (date)

S151 Officer: date

Director: (date)

Portfolio Holder: (date)

Contact Officer: Andrew Clarke
Job Title: Deputy Section 151 Officer
Telephone: 02392 446602
E-Mail: Andrew.Clarke@Easthants.gov.uk