



**AGENDA ITEM:
SUMMARY**

Report for:	Strategic Planning & Environment Overview and Scrutiny Committee
Date of meeting:	18 June 2019
PART:	1
If Part II, reason:	

Title of report:	Provisional Financial Outturn 2018/19
Contact:	Cllr Graeme Elliot, Portfolio Holder for Finance and Resources Nigel Howcutt, Assistant Director (Finance & Resources) Fiona Jump, Group Manager, Financial Services
Purpose of report:	To provide details of the outturn position for the: <ul style="list-style-type: none"> • General Fund • Capital Programme To provide details of the proposed transfers to and from earmarked reserves.
Recommendations	That Committee note the outturn position for 2018/19.
Corporate objectives:	Delivering an efficient and modern council.
Implications:	<u>Financial</u> This reports outlines the financial position of the Council for 2018/19, and reports on the financial implications of service decisions made in the financial year. Where relevant it discusses the future impact of these decisions.

	<p><u>Value for Money</u> Regular budget monitoring and reporting supports the effective use of the financial resources available to the Council.</p>
Risk Implications	This reports outlines the financial position for the Council for 2018/19 and quantifies the financial risk associated with service decisions.
Community Impact Assessment	The content of this report does not require a Community Impact Assessment to be undertaken.
Health And Safety Implications	There are no Health and Safety implications arising from this report.
Consultees	The position reported within this report has been reviewed and discussed with relevant Council Officers.
Glossary of acronyms and any other abbreviations used in this report:	<p>GF – General Fund HRA – Housing Revenue Account</p>

1. Executive Summary

- 1.1 The provisional year-end financial outturn is showing a balanced budget on the General Fund, as shown in paragraph 3.2. There are variances across different service areas as highlighted in sections 4, but the overall budget is showing a balanced position. This is in contrast to previous years' surpluses and reflects the challenging financial environment relating to the cumulative impact of year on year additional savings requirements.
- 1.2 This year's outturn position has been analysed as part of the normal year-end review, to ensure that any one-off items have been challenged and any new savings have been identified and will be captured in the base budgets going forward.
- 1.3 Strategic Planning and Environment General Fund Capital budgets are reporting a small outturn variance of 0.7% against budget.

2. Introduction

- 2.1 The purpose of this report is to outline the Provisional Outturn for 2018/19, prior to the production of the Statement of Accounts. Outturn is reported for the following:
- General Fund
 - Capital Programme
- 2.2 The Council's outturn position is a primary source of information for the production of the Statement of Accounts. The outturn position detailed in this report may be subject to further amendment as work continues on the preparation of the

Accounts. The Final Outturn position, along with movements in reserves, will be reported to Audit Committee for sign off at its meeting of 18th July 2019.

3. General Fund Revenue Account

3.1 The General Fund revenue account records the income and expenditure associated with all Council functions except management of the Council's own housing stock, which is accounted for within the Housing Revenue Account (HRA).

3.2 Appendix A provides an overview of the General Fund provisional outturn position, and the table below provides an overview by Scrutiny area.

	Budget £000	Outturn £000	Variance £000 %	
Finance & Resources	13,359	13,619	260	1.9%
Strategic Planning & Environment	7,718	8,374	656	8.5%
Housing & Community	361	194	(167)	-46.3%
Net Cost of Services	21,438	22,187	749	3.5%
Investment Property	(4,103)	(4,090)	13	-0.3%
Corporate items	(17,342)	(18,104)	(762)	4.4%
Contribution (to)/from General Fund Working Balance	(7)	(7)	0	

3.3 The following section provides an analysis of the provisional outturn and major budget variances for Strategic Planning and Environment Scrutiny area.

4. Strategic Planning and Environment

Strategic Planning and Environment	Budget £000	Outturn £000	Variance £000 %	
Employees	9,778	10,016	238	2.4%
Premises	909	1,020	111	12.2%
Transport	1,201	1,428	227	18.9%
Supplies & Services	1,970	2,772	802	40.7%
Third-Parties	88	73	(15)	-17.0%
Income	(5,918)	(6,565)	(647)	-10.9%
Earmarked Reserves	(310)	(370)	(60)	-19.4%
	7,718	8,374	656	8.5%

4.1 Employees - £238k over budget

A pressure of £130k has been experienced in Building Control due to an ongoing requirement for temporary resource. A shortage of professional skills across the sector has led to continuing recruitment and retention issues. Options for the future delivery of the service within approved budgets are being progressed.

There are a number of minor overspends on employees across these service areas that equate to less than 1% of the employee budgets.

4.2 Premises - £111k over budget

This variance consists of minor pressures across services largely offset by income below.

4.3 Transport - £227k over budget

There is a pressure of £290k in Environmental Services from the cost of maintaining the ageing waste fleet prior to conclusion of the current procurement process. The tender for the new vehicle provider has now been awarded and new vehicles are on order to be delivered in 2019/20.

This pressure is offset by savings in the fuel budgets of Clean, Safe and Green of £50k due to improved working patterns.

4.4 Supplies and Services - £802k over budget

A variance of £490k has arisen in the Waste service from the disposal of co-mingled waste. The downturn in the global market for recycled material is leading to a cost for disposal of material, which is affecting all Waste Disposal Authorities. This is an ongoing pressure which has been factored into the budget for 2019/20.

The Planning service has incurred £170k of costs funded from Planning Delivery Fund grants from MHCLG. This is giving rise to a pressure in Supplies and Services, but offsetting income shown in paragraph 4.5 below.

Legal costs of £150k have been incurred in the Environmental and Community Protection service, relating to 2 legal cases taking place currently. These costs have been recovered, as shown in the over-achievement of income in paragraph 5.5.

4.5 Income - £647k over-achievement of income

Planning income has generated an additional £395k of income due to a high volume of planning applications and significant large one-off fees received in year.

The administration income from the Community Infrastructure Levy (CIL) has generated income over the budgeted level of £126k. This income is being utilised to support the costs of administering the CIL scheme and collecting the income due.

An income reduction of £180k has been experienced in the Commercial Waste service due to an ongoing loss of customers. An external review of all elements of the Waste Service, and opportunities for increased income, is currently underway and will be considered as part of future years' budget setting once complete.

An under-achievement of £80k has been seen in the income budget for Land Charges. This is due to an overall decline in the property market leading to fewer searches and transactions, which is affecting the private sector as well as the Council.

An under-achievement of £50k has been experienced in Building Control due to a reduction in the volume of work being dealt with by the Council in the first half of 2018/19 since then the service has increased the volume of clients it is dealing with and hence seen an increase in income.

Additional Planning Delivery Grant of £170k has been received as well as legal fees recovered of £180k.

5. Corporate Items

5.1 Appendix A includes the outturn for corporate items. These are largely year-end accounting adjustments:

At year end £336k of new burdens grants have been received in 2018/19. Included in this is £78k of funding relating to the Revenues and Benefits service to cover the additional costs incurred in the delayed Universal Credit roll out, £68k of new burdens funding relating to the Strategic Planning service, and £64k in Homelessness Reduction funding. New Homes Bonus is also £24k over the budgeted amount.

Interest income has exceeded budget by £282k. Cash balances have exceeded expectation in 2018/19 assisted by slippage in the capital programme. The GF apportionment of additional income was greater than previously anticipated.

The Minimum Revenue Provision, which is a statutory adjustment to pay off accumulated capital spend, is £140k lower than budgeted. This is as a result of a combination of reduced capital spend against budget and a technical review of accounting treatment.

6. Capital Programme

6.1 Appendix B shows the projected capital outturn in detail by scheme.

The table below summarises the overall capital outturn position by Scrutiny area.

The current budget is the original budget approved by Cabinet in February 2018, plus approved amendments, including re-phasing of the slippage identified in previous quarters into 2019/20.

The 'Slippage' column refers to projects where expenditure is still expected to be incurred, but it will now be in 2019/20 rather than 2018/19.

The 'Variance' column refers to projects which are now complete, but have come in under or over budget and projects which are no longer required.

	Current Budget £000	Slippage £000	Revised Budget £000	Provisional Outturn £000	Variance £000 %	
Strategic Planning & Environment	2,564	(32)	2,532	2,551	19	0.7%
G F Total	2,564	(32)	2,532	2,551	19	0.7%
Grand Total	2,564	(32)	2,532	2,551	19	0.7%

6.2 General Fund Major Variances

The financial outturn for Strategic Planning and Environment General Fund capital budgets is in line with previous forecasts.

7. Balances and Reserves

7.1 The Reserves Summary at Appendix C reflects the movements approved by Council in February 2019 and updated for the reserve movements as set out below.

7.2 In cases where reserves were to be drawn down in 2018/19 to fund budgeted expenditure which was not spent in full, only the amount required to fund actual expenditure was drawn down. Where the balance is now required in 2019/20, the carry forward of unspent reserve budgets is recommended.

7.3 Variances over £50k on recommended reserve movements compared to the original budget and additional movements approved in year are as follows:

- Earmarked Grants Reserve - £64k contribution to reserves of additional grant income received relating to Homelessness prevention. This grant has been set aside to be spent in 2019/20.

7.4 It has been recommended that Cabinet recommend to Council the following additional reserves movements arising from the provisional year-end position, and delegate approval to the Audit Committee for any changes to these movements as a result of the final outturn position following completion of the external audit:

- Management of Change Reserve – net £125k contribution to reserve. A contribution to the Management of Change Reserve is recommended which is the net effect of £345k draw down from reserves to fund the expected one-off costs associated with the implementation of the leisure contract, offset by a contribution of £470k from various year end technical adjustments detailed in section 5.
- Local Development Framework (LDF) Reserve - £375k contribution to reserve to support the Hemel Garden Communities development.
- Funding Equalisation Reserve - £2.8m contribution to reserve arising from a combination of timing differences in Collection fund Income (Council tax and Non-Domestic Rates) received or paid by the council and additional government grants received to fund the collection service.