

HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
3 July 2018

Subject: 2017/18 REVENUE OUTTURN AND POSITION ON RESERVES

All Wards

Portfolio Holder for Economic Development and Finance: Councillor P R Wilkinson

1.0 PURPOSE AND BACKGROUND:

- 1.1 The purpose of this report is to present to Members the revenue outturn position for the year ending 31 March 2018, which includes the position on reserves. The Statement of Accounts, which is the consolidated financial position of the Council for 2017/18, is the responsibility of the Audit, Governance and Standards Committee which will meet on 24 July 2018 to approve the Annual Financial Report – Statement of Accounts.
- 1.2 The capital outturn and annual treasury management position is contained in a separate report on this cabinet agenda.
- 1.3 The report focuses on three key outcomes:-
(a) Overall position at the end of the financial year;
(b) Major variances between budget and outturn;
(c) Position on Reserves.
- 1.4 This report presents the revenue outturn position in the format of management accounts, which Members have become accustomed to from the quarterly monitoring reports to Cabinet. It also includes the movement on the reserve funds.

2.0 REVENUE OUTTURN:

- 2.1 The original budget plans for 2017/18 were for a net spend of £7,210,600. The expenditure was budgeted to be funded by council tax, government revenue support grant and business rates. During the financial year, under the Council's budgetary control arrangements, Cabinet received quarterly monitoring reports, all of which highlighted any variances to the budget in the light of the latest information available at the time. There was no change to the original budget in Quarter 1 or 2, however at Quarter 3, the net expenditure budget was increased and revised to £7,414,730.
- 2.2 The outturn position for 2017/18 of £6,734,032 shows an under spend of £680,698 compared to the revised budget at Quarter 3 of £7,414,730. Annex A details the 2017/18 variance across departments net revenue budgets.
- 2.3 The revised Quarter 3 budget of £7,414,730, compared to the original budget of £7,210,600 was an increase of £204,130, this was mainly in connection with the reduction in planning fee income estimated to be received during the final quarter. The remaining underspend of £476,568 was due to increased workspace income received in Quarter 4, increased leisure centre income largely due to the development of Northallerton Leisure Centre, reduction in fuel prices during 2017/18 and reduce recycling costs.

2.4 The table below shows the analysis of the original budget, the revised Quarter 3 budget and the outturn position, as well as the way the budget was funded.

	Original Budget £	Revised Budget £	Outturn £	Variance £
Net Revenue Budget	7,210,600	7,414,730	6,734,032	(680,698)
LESS FINANCING				
Council Tax	(3,554,219)	(3,554,219)	(3,552,139)	2,080
RSG	(621,640)	(621,640)	(621,741)	(101)
Business Rates	(2,530,114)	(3,367,029)	(3,655,802)	(288,773)
Other Grants	(2,038,247)	(2,038,247)	(2,042,851)	(4,604)
Contribution To/(From) Reserves	1,533,620	2,166,405	3,138,501	972,096
	(7,210,600)	(7,414,730)	(6,734,032)	680,698
Balance Budget	0	0	0	0

2.5 The overall transfer to the Council Tax Payers reserve during 2017/18 is £3,138,501. In the table above, the revised budget at Quarter 3 details the contribution to reserves of £2,166,405 has already been agreed. The transfer to reserves to support the outturn position is £972,096 and this is generated from:

- (i) the underspend at outturn of £680,698
- (ii) the increased business rates income £288,773
- (iii) other contributions of £2,625

3.0 POSITION ON RESERVES:

3.1 The position on reserves held by the Council as at 31 March 2018 is compared to the position at 31 March 2017 and is shown in the table below. It should be noted that the position assumes that the recommendations included in this report are approved.

RESERVES POSITION	31/03/17 £	31/03/18 £
<u>Revenue Reserves</u>		
Council Taxpayers	4,902,597	5,019,975
Repairs & Renewal Fund	2,449,874	2,097,807
Computer Fund	1,009,899	1,188,349
One Off Fund	435,916	714,477
Economic Development Fund	2,179,059	1,465,095
Community Safety	38,164	27,536
Strategic Forum Reserve	10,046	-
Grants Fund	260,948	191,834
Arts Grants Reserve	6,037	-
Make a Difference Fund	52,030	63,801
Take That Step	3,436	-
Swimming Project Reserve	-	97,871
Local Plan Reserve	98,731	59,540
North Northallerton Bridge	-	2,365,779
Community Housing Fund	195,268	180,231
Sub Total	11,642,005	13,472,295
General Fund Balance	2,000,000	2,000,000
<u>Total Revenue Reserves</u>	13,642,005	15,472,295

<u>Capital Reserves</u>		
Capital Grants Unapplied	729,692	1,463,373
General Capital Receipts	1,866,845	2,077,584
<u>Total Capital Reserves</u>	2,596,537	3,540,957
TOTAL Reserves	16,238,542	19,013,252

- 3.2 The revenue reserves in the table above show the movement between the reserves in 2017/18 which are in line with the Financial Strategy reported to Cabinet. The overall increase in reserve funding totals £2,774,710 partly due to new reserves being created for North Northallerton Bridge which is to fund the building of the bridge using receipts from a Local Enterprise Partnership (LEP) grant. Additional income in relation to Government Section 31 grants was received and the underspend in 2017/18 have all contributed to the increase in the year-end balance of the reserves.
- 3.3 The Capital Programme has been funded by £2,952,508 from the Repairs & Renewals Fund, the One-Off Fund, the Computer fund, the Council Tax Payers Reserve and the Economic Development Fund. The capital receipts reserve was not used in 2017/18 since capital receipts of £1,150,893 was received in the year and funded £940,154 of the capital expenditure with the remaining £210,739 transferred to the General Capital receipts reserve.
- 3.4 The movement in the council tax payers reserve has seen increased income from the new homes bonus grant, which was included in the underspend for the year of £3,138,501 and also expenditure of £3,021,123. The expenditure included £1,079,915 which was transferred to the One-off fund and the Computer Fund as well as funding £1,941,208 of the capital programme as stated in paragraph 3.3. These key movements have occurred to enable an efficient approach to the use and allocation of reserves going forwards in an ever changing environment.
- 3.5 Movements in the One-Off fund received Cabinet approval during the year. Annex B details further movements that have occurred at Quarter 4 which require approval in this report. It is recommended to Cabinet and Council that the total expenditure allocation of £29,350 from the One-Off Fund at Quarter 4 be approved.
- 3.6 The other movements in the reserves, not detailed in paragraph 3.3 to 3.5, which total £2,407,328 have occurred from grants being received or funds being transferred to support expenditure during the year in line with previous reports being approved at Cabinet and Council in the past, the main movement being £2,365,779 in relation to the North Northallerton Bridge Reserve which has a balance in 2017/18 due to funding received from the Local Enterprise Partnership to build the North Northallerton Bridge. Further reserves are created due to financial regulation accounting treatment of grants and contributions; examples being the Swimming Project Reserve.
- 3.7 Attached at Annex C is the detail for the movement in the reserves.

4.0 USE OF RESERVES:

- 4.1 From the One-off fund in 2018/19, £125,000 will be transferred to Make a Difference fund. Furthermore, the One-off fund is to allocate £14,390 for expenditure relating to the Tour de Yorkshire.

5.0 LINK TO COUNCIL PRIORITIES

5.1 The monitoring of the financial budget throughout the year and reporting the financial year end position assists in ensuring the Council's service requirements are met and contributes to the achievement of the priorities set out in the Council Plan.

6.0 RISK ASSESSMENT:

6.1 There are no major risks associated with this report

7.0 FINANCIAL IMPLICATIONS:

7.1 The financial implications are dealt with in the body of the report.

8.0 LEGAL IMPLICATIONS:

8.1 It is a legal requirement under s25 of the Local Government Act 2003 to set a balanced budget and monitor the financial position throughout the year.

9.0 EQUALITY/DIVERSITY ISSUES

9.1 Equalities - there are no specific equality implications to this report, however equalities issues are accounted for at all stages of the financial planning and reporting process.

10.0 RECOMMENDATIONS:

10.1 That Cabinet approves and recommends to Council:

- (1) the transfer to the Council Tax payers reserve of £972,096 as detailed in paragraph 2.5, which represents the underspend of £680,698, increased business rates received £288,773, and increased additional grant received of £2,625.
- (2) the increase in the use of the One-off fund at quarter 4 of £29,350, detailed at paragraph 3.5 and attached at Annex B;
- (3) the increase in the reserves position of £2,774,710, at paragraph 3.2 and detailed in Annex C.

LOUISE BRANFORD-WHITE
DIRECTOR OF FINANCE (S151 OFFICER)

Author ref: SC

Contact: Saskia Calton
Corporate Finance Manager
Direct Line No: 01609 767226

Background papers: Annual Financial Report – Statement of Accounts 2017/18
Outturn Position 17/18 Finance Ledger