

HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
2 July 2019

Subject: 2018/19 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 2019, which includes the position on reserves. The Statement of Accounts, which is the consolidated financial position of the Council for 2018/19, is the responsibility of the Audit, Governance and Standards Committee which will meet on 23 July 2019 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; and
 - (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 2018/19 were a net spend of £8,096,170. 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 in Quarter 1 or 2, however at Quarter 3, the net expenditure budget was decreased and revised to £8,010,420.
- 2.2 The outturn position for 2018/19 of £7,860,655 shows an underspend of £149,765 compared to the revised budget at Quarter 3 of £8,010,420. Annex A details the 2018/19 variance across departments net revenue budgets.
- 2.3 The revised Quarter 3 budget of £8,010,420, compared to the original budget of £8,096,170 was decreased by £85,750, this was as a result of numerous factors that were reported to Cabinet at Quarter 3 on 12 February 2019. This included underspends from the Corporate Salary Savings exercise, additional income from the leisure centres, increased take up of Green Waste licences and additional grants.
- 2.4 Table 1 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	8,096,170	8,010,420	7,860,655	(149,765)
LESS FINANCING				
Council Tax	(3,778,753)	(3,778,753)	(3,771,873)	6,880
RSG	(370,277)	(370,277)	(370,277)	0
Business Rates	(3,287,183)	(3,287,183)	(3,904,927)	(617,744)
Other Grants	(2,046,454)	(2,046,454)	(2,170,670)	(124,216)
Contribution To/(From) Reserves	1,386,497	1,472,247	2,357,092	884,845
	(8,096,170)	(8,010,420)	(7,860,655)	149,765
Balance Budget	0	0	0	0

Table 1 – Revenue Outturn

2.5 The overall transfer to the Council Tax payers reserve during 2018/19 is £2,357,092. In Table 1 above, the original budget detailed a contribution to reserves of £1,386,497 along with the revised budget at Quarter 3 which details the contribution to reserves of £1,472,247 which has already been agreed. The transfer to reserves to support the outturn position is £884,845 and this is generated from:

- (i) The underspend at outturn of £149,765;
- (ii) The increased business rates income of £617,744; and
- (iii) Other contributions of £117,336.

3.0 POSITION ON RESERVES:

3.1 The position on reserves held by the Council as at 31 March 2019 is compared to the position at 31 March 2018 and is shown in Table 2 below. It should be noted that the position assumes that the recommendations included in this report are approved.

RESERVES POSITION	31/03/18 £	31/03/19 £
<u>Revenue Reserves</u>		
Council Taxpayers	5,019,975	7,093,374
Repairs & Renewal Fund	2,097,807	1,026,890
Computer Fund	1,188,349	968,196
One-Off Fund	714,477	1,366,543
Economic Development Fund	1,465,095	1,114,410
Community Safety	27,536	20,183
Income Generating Fund	-	63,002
Grants Fund	191,834	143,134
Make a Difference Fund	63,801	7,053
Swimming Project Reserve	97,871	2,026
Local Plan Reserve	59,540	93,753
Community Infrastructure Levy (CIL) 5%	-	19,312
Admin Reserve		
Community Housing Fund	180,231	119,188
Sub Total	11,106,516	12,037,064

General Fund Balance	2,000,000	2,000,000
Total Revenue Reserves	13,106,516	14,037,064
<u>Capital Reserves</u>		
Capital Grants Unapplied	3,829,152	4,581,294
General Capital Receipts	2,077,584	2,107,716
Total Capital Reserves	5,906,736	6,689,010
TOTAL Reserves	19,013,252	20,726,074

Table 2: Total Reserves

- 3.2 The revenue reserves in the table above show the movement between the reserves in 2018/19 which are in line with the Financial Strategy reported to Cabinet. The overall increase in reserve funding totals £2,711,648 partly due to an increase in the capital unapplied reserves for Community Infrastructure Levy (CIL) funding received in the year. In addition, income in relation to Government Section 31 grants were received and the under spend in 2018/19 have all contributed to the increase in the year-end balance of the reserves.
- 3.3 The Capital Programme has been funded by £843,481 from the Repairs & Renewals Fund, the Computer Fund, the Council Tax Payers Reserve and the Economic Development Fund. The capital receipts reserve was not used in 2018/19 since capital receipts of £245,692 was received in the year and funded £215,560 of the capital expenditure with the remaining £30,132 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 £2,357,092 as well as a transfer from the Repairs and Renewals Reserve of £1,000,000. There was also expenditure of £1,283,693 during the year. The expenditure included £800,000 which was transferred to the One-off fund and the newly created Income Generating Fund as well as funding £433,693 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. In addition it is requested that £50,000 is to be transferred to the Repairs and Renewals Reserve.
- 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 £47,471 from the One-Off Fund at Quarter 4 be approved.
- 3.6 The movement in Capital grants unapplied reserve reflects the grant contributions released for the on-going project of £966,072. Please note that the North Northallerton Bridge Reserve has been transferred to Capital Grants Unapplied reserve during 2018/19.
- 3.7 The other movements in the reserves, not detailed in paragraph 3.3 to 3.5, which total £66,550 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.
- 3.8 Attached at Annex C is the detail for the movement in the reserves.

4.0 USE OF RESERVES:

- 4.1 The One-Off fund is to allocate £30,000 for the potential expenditure relating to past years holiday entitlement of casual leisure centre employees, £8,860 expenditure is required relating to the purchase of mobile phones within Environmental Health and £10,050 for the purchase of a search facility for the internal intranet website.
- 4.2 From the Council Tax Payers Reserve 2018/19, £50,000 will be transferred to the Repairs and Renewals Reserve to support ongoing maintenance costs in 2019/20.

5.0 CIL RESERVE:

- 5.1 The Capital Reserves of £5,289,303 includes the committed receipts relating to the Community Infrastructure Levy (CIL), the amount as at 31 March 2019 is £2,779,238. The Council is committed to using this reserve for priority schemes and to distribute to parishes.

6.0 WAIVER OF PROCUREMENT RULES:

- 6.1 It is the Council's policy to obtain competitive quotations or tenders for the purchases of products, work that is to be undertaken or for services to be provided. However, a waiver may be agreed by Cabinet (or the Chief Executive in an emergency) if they are satisfied, after considering a written report that the waiver is justified. The Chief Executive has approved the waiver, for which Single Quote/Tender Waiver Form has been completed, to deliver the Tour de Yorkshire at £125,000 in accordance with the Council's procurement rules where Welcome to Yorkshire and Amaury Sport Organisation supply the event and provide the supporting services and there are no alternative suppliers available

7.0 LINK TO COUNCIL PRIORITIES

- 7.1 Include reference to any identified Health and Safety issues (if there are none, please delete this section).

8.0 RISK ASSESSMENT:

- 8.1 There are no major risks associated with this report.

9.0 FINANCIAL IMPLICATIONS:

- 9.1 The financial implications are dealt within the body of the report.

10.0 LEGAL IMPLICATIONS:

- 10.1 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.

11.0 EQUALITY/DIVERSITY ISSUES:

- 11.1 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.

12.0 RECOMMENDATIONS:

12.1 That Cabinet approves and recommends to Council:

- (1) the transfer to the Council Tax Payers reserve of £884,845 as detailed in paragraph 2.5, which represents the underspend of £149,765, increased business rates received of £617,744, and increased additional grant received of £117,336;
- (2) the transfer of the One-Off allocation in paragraph 4.1 totalling £48,910 and £50,000 from the Council Tax Payers Reserve to the Repairs and Maintenance reserve as stated in paragraph 4.2;
- (3) to note the waiver of procurement rules in paragraph 6.1;
- (4) to note the position of the Community Infrastructure Levy (CIL) in paragraph 5.1;
- (5) the increase in the use of the One-Off fund at Quarter 4 of £47,471, detailed in paragraph 3.5 and attached at Annex B; and
- (6) the increase in the reserve position of £1,712,822 at paragraph 3.2 and detailed in Annex C.

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Background papers: Annual Financial Report – Statement of Accounts 2018/19
Outturn Position 18/19 Finance Ledger

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