

CABINET

18 June 2019

REVENUE AND CAPITAL OUTTURN 2018/19

Report of the Strategic Director for Resources

Strategic Aim:	Sound Financial and Workforce Planning	
Key Decision: Yes	Forward Plan Reference: FP/260419	
Exempt Information	No	
Cabinet Member(s) Responsible:	Mr G Brown, Deputy Leader and Portfolio Holder for Planning, Environment, Property and Finance.	
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Ward Councillors	Not Applicable	

DECISION RECOMMENDATIONS

That Cabinet:

- a) Notes the provisional outturn on the revenue budget and updated capital programme
- b) Approves the transfer to earmarked reserves from 18/19 underspends of £2.355m including £509k for ring fenced budgets
- c) Approve the use of £70k from winter pressures grant and £49k from the social care reserve to fund the overspend on DFG's of £119k (in line with reported outturn at Q3)
- d) Notes that the MTFP in Appendix F reflects the outturn position
- e) RECOMMEND TO COUNCIL the setting up of 2 new reserves and amending the ceiling of 2 reserves as detailed in section 2.4

1 PURPOSE OF THE REPORT

- 1.1 To inform Cabinet of the provisional outturn figures (subject to audit) for the financial year 2018/19. In reporting the outturn, Cabinet is being asked to carry forward some unspent budgets to 2019/20 and put aside some additional funding in earmarked reserves.

2 BACKGROUND AND MAIN CONSIDERATIONS

2.1 Revenue outturn 2018/19

2.1.1 The Council approved its 2018/19 budget in February 2018. Throughout the year, Cabinet and Scrutiny Panels have received quarterly updates on progress against the budget. Cabinet and Council have also made some changes to the approved budget which are itemised in each quarterly report.

2.1.2 The end of year provisional revenue position is that the Council has under spent its revenue budget by £74k which equates to an under spend of 0.2% when compared to the Net Operating Expenditure. A full explanation of the year end revenue position is covered in Appendix A, Section 1 to this report.

2.1.3 This position is provisional for two reasons:

- The position is subject to external audit by Grant Thornton LLP; and
- In arriving at the overall position for 18/19, officers are making requests for £2.355m to be carried forward/put into earmarked reserves (Appendix A para 1.3.2). These funds will be held to be used on: a) ring fenced budgets; b) demand led budgets; or c) commitments made but not yet fulfilled. These are decisions that must be approved by Cabinet.

2.2 Capital update

2.2.1 The Council spent £4.479m on the capital programme in 18/19. Since the 18/19 budget was set, Cabinet have approved further budget changes, detailed in Appendix A para 2.2.1. A full list of approved schemes is shown in Appendix E.

2.3 MTFP

2.3.1 The Medium Term Financial Plan has been updated to reflect the provisional year end revenue position and is attached at Appendix F. The outturn is positive but does not change the existing position whereby the Council is estimated to have a funding gap of £41k in 2019/20.

2.3.2 There are unlikely to be any further changes to the MTFP in the near future. The Council is awaiting the outcome of various Government funding reviews (more information is given in Appendix A).

2.4 Reserves

2.4.1 As mentioned in 2.1.3 the Council is requesting to transfer £2.355m into reserves in 2018/19. A breakdown of this is shown in Appendix A para 1.3.2.

2.4.2 The Council is being asked to transfer £205k into two new reserves as follows:

- Brexit Reserve – Additional funding (£105k) received has been received in 2018/19 for additional cost pressures as a result of Brexit and a further £105k will be paid in 2019/20. Due to the uncertainty around Brexit no additional expenditure was incurred during 2018/19. We are requesting that a new Brexit reserve is established with a ceiling of £210k.

- Repairs & Maintenance Reserve – the Council has various assets (vehicles and buildings) that need to be maintained. In order to smooth the impact of major repairs and maintenance and reduce the impact to the General Fund in future years, Council is being asked to set up a Repairs and Maintenance reserve. The commercial properties (OEP & Kings Centre) have budgets set aside to contribute to the reserve. Underspends in Libraries and Transport have also been requested to be transferred to the reserve to support the existing vehicle fleet. The total contribution for 2018/19 is £110k. The ceiling for this reserve is requested to be set at £500k as contributions from the commercial properties should grow over the coming years.

2.4.3 There are two reserves where it is requested that ceilings are increased as follows

- Highways – increase ceiling to £550k from £300k. The Council are moving to a more proactive approach to highway maintenance which has seen significant savings removed from the revenue budget whilst capital investment is maintained. As a result of this approach, there is an under spend on the revenue budget of £250k which will be transferred to the Highways reserve to support any emergency repairs that may be required.
- Welfare Reserve – increase ceiling to £170k from £150k. Warm Homes Rutland Funding (£21k) was being held and the under spend against this is requested to be transferred to the Welfare Reserve. This funding will be drawn down as required.

3 CONSULTATION

3.1 Formal consultation is not required for any decisions being sought in this report. Internal consultation has been undertaken with officers to assess the impact of the outturn on the budget for 2019/20. There are no issues to address in this regard.

4 ALTERNATIVE OPTIONS

4.1 Cabinet are requested to make decisions about whether unspent budgets should be carried forward to 2019/20. In many cases, it should be noted that officers may have already committed such budgets (i.e. work may have been started but not finished) or plan to do so for service delivery in 2019/20. Cabinet can choose to approve the carry forwards or could still request that budget managers assess whether such expenditure can be absorbed within existing budgets or savings made elsewhere. Where this is not possible, there may be budget pressures later in the year.

4.2 Members are also being asked to make additional contributions to earmarked reserves. Members could choose to retain all funds in the General Fund Reserve rather than to prop up earmarked reserves. The former is not the preferred option for the reason that the establishment of earmarked reserves recognises that funds are likely to be needed for a specific cause. Retaining such funds in a General Reserve could give the impression that the Council's financial health is better than what is actually the case.

5 FINANCIAL IMPLICATIONS

- 5.1 The report highlights the impact of the outturn on the MTFP. General Fund balances will increase by £74k from that budgeted for if all recommendations are approved.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 The Financial Procedure Rules (FPRs) allow Cabinet to approve budget carry forwards from one period to the next and put additional funds in earmarked reserves up to the approved ceiling value. The FPRs allow Council to establish a new reserve and set ceilings for earmarked reserves.
- 6.2 There are no legal implications arising from this report.

7 DATA PROTECTION IMPLICATIONS

- 7.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no risks/issues to the rights and freedoms of natural persons.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 An Equality Impact Assessment (EqIA) has not been completed because there are no service, policy or organisational changes being proposed.

9 COMMUNITY SAFETY IMPLICATIONS

- 9.1 There are no community safety implications.

10 HEALTH AND WELLBEING IMPLICATIONS

- 10.1 There are no health and wellbeing implications.

11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 11.1 As the Council is required to make savings over the medium term, the outturn position is positive compared to Quarter 3. The approval of budget carry forwards will allow the 2019/20 budget to be updated to reflect spending plans.

12 BACKGROUND PAPERS

- 12.1 None

13 APPENDICES

Appendix A: Outturn 2018/19

Appendix B: People Budget Monitoring Summary

Appendix C: Places Budget Monitoring Summary

Appendix D: Resources Budget Monitoring Summary

Appendix E: Capital Outturn

Appendix F: Medium Term Financial Plan

Appendix G: Approved Budget Changes

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.