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## **POLICY AND RESOURCES COMMITTEE**

Tuesday 28 May 2019 at 6.30 pm

Council Chamber, Ryedale House, Malton

### **Agenda**

**6      Draft Revenue Outturn 2018-2019**

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<b>PART A:</b>	<b>MATTERS DEALT WITH UNDER DELEGATED POWERS</b>
<b>REPORT TO:</b>	<b>POLICY AND RESOURCES COMMITTEE</b>
<b>DATE:</b>	<b>28 MAY 2019</b>
<b>REPORT OF THE:</b>	<b>CHIEF FINANCE OFFICER (s151) ANTON HODGE</b>
<b>TITLE OF REPORT:</b>	<b>REVENUE BUDGET MONITORING – Outturn 2018-19</b>
<b>WARDS AFFECTED:</b>	<b>ALL</b>

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## **EXECUTIVE SUMMARY**

### **1.0 PURPOSE OF REPORT**

- 1.1 The revenue budget for 2018-19 was approved by Council on 22 February 2018, this report and associated appendix present the financial performance as at 31 May 2019 against the budget. This summary shows the draft outturn position before being sent to external auditors by the statutory deadline of 31 May. In previous years the Council has not taken this step but it is right that the Committee sees and approves the draft accounts before the audit. The final audited accounts will be brought back to the Policy and Resources and Audit Committees in July for final approval.

### **2.0 RECOMMENDATION**

- 2.1 It is recommended that:
- i) Policy and Resources committee notes the contents of the report;
  - ii) Surplus income from Business Rates of £760k is transferred to the Business Rates Equalisation Reserve
  - iii) Remaining Surplus Balance of £631k is transferred to General Reserve, with an endorsement that some amount of this is earmarked for economic development and to note that a further report on this will come back to the Committee in due course.

### **3.0 REASON FOR RECOMMENDATION(S)**

- 3.1 To ensure that budget exceptions are brought to the attention of the Policy and Resources Committee in order to approve remedial action where necessary.
- 3.2 Transfer Business Rates surplus to the equalisation reserve to mitigate against future uncertainties around this funding stream and agree the proposed treatment of the remaining surplus.

## **4.0 POLICY CONTEXT AND CONSULTATION**

- 4.1 The financial position and performance against budget is fundamental to delivery of the Council's Plan, achieving value for money and ensuring financial stability.

## **REPORT**

### **5.0 REPORT DETAILS**

#### **5.1 Summary**

At the end of the financial year, the General Fund achieved an outturn surplus of £1,391, an increase of £348k against quarter 3. The largest change since Q3 has been a higher share of the Pooled Business Rates fund to RDC than estimated at that point (by £238k) and additional government grants received (£89k). There are a number of variances (positive & negative) which make up this surplus including:

- Net surplus on income streams, such as Development Control, Investment Properties and Licences, offset by shortfall in some areas such as Car Parking and Market Rents.
- expected NNDR collection fund surpluses,
- Employee costs underspend, offset by temporary staffing and other costs,
- Higher Investment income,
- un-committed contingencies
- Various underspends / savings across supplies and services, such as Insurance contract and Audit fees.

Planned savings and efficiencies of £436k for the year, identified as part of the 2018/19 budget setting process have already been built into the base budgets and are reflected in the numbers below, and therefore any forecast surplus is after the budget has been reduced by this amount.

The table below sets out the summary position, with details of forecast variances included in **Appendix 1**.

General Fund Account – Q4 2018/19	Budget	Actual	Variance
	£000's	£000's	£000's
Net Revenue Budget	6,067	5,436	(631)
Settlement Funding RSG/NDR	(1,918)	(2,678)	(760)
<b>Amount to be met from Council Tax</b>	<b>4,149</b>	<b>2,758</b>	<b>(1,391)</b>
Council Tax	(4,118)	(4,118)	0
Collection Fund Surpluses	(31)	(31)	0
<b>Net Revenue Budget (Surplus) / Deficit</b>	<b>0</b>	<b>(1,391)</b>	<b>(1,391)</b>

- 5.2 The main variances are:

#### **Expenditure**

- **All Employee-related costs (excluding consultants)** were overspent by £169k, the variance mainly relates to additional contracted staff (£670k) and overtime

costs (£112k) to off-set vacant positions. The under spend due to vacancies and budgeting at top of grade was (£670k). This also reflects one-off payments made during the year (£78k) and a saving against Members costs (£25k)

- **Supplies and Services** are underspent by £333k, which includes savings of £90k resulting from the insurance re-tender, LDF consultants as this is not an inspection year (£43k) and delays in expected cost pressures arising from the Waste Transfer station, which is now expected in 19/20 (£38k), and saving resulting from new External Audit contract (£23k) and Office Equipment (£25k). There was a small number of overspends, unbudgeted upgrade costs for the Revs & Bens System (£23k), Corporate HR matters (£20k) and Legal Advice (£22k). In addition there was a large number of smaller variances making up the balance of the underspend (£148k)
- **Vehicles and Transport** related costs are overspent following delays in replacement Waste collection vehicles being brought into use (£20k) caused by extra hire and repairs and maintenance expenses. Employee travel allowance underspent by (£14k).
- Cost pressures identified have been managed within budgets, and therefore not requiring use of **contingency provisions** (£105k)
- **Premises related** expenses underspent by (£23k), which includes the saving against budget as a result of the current leisure contract arrangements (£26k). In addition there was a large number of variances within premises cost, between headings such as utilities, repairs and maintenance, suggesting some budget realignment is needed to reflect current requirements.

## Income

- **Shares from the NNDR pool** resulted in a surplus of (£457k) as a cautious estimate was included within the original budget set in February 2018. In addition, NNDR collection fund surplus shares of (£303k) were distributed in year.
- **Within fees & charges**, surpluses were achieved against Planning Income (£55k), Home Improvement agency grant, as a result of increased DFG activity (£15k), Lifeline Income (£12k), Street Naming (£17k), Rents from Investment Properties (£25k) and Council Tax Court costs raised (£22k). This is partially offset by a shortfall in car parking income (£40k), which is less than previously expected, Market rents (£22k) and Travellers Site and Quarry Bank (£25k)
- **Income from Housing Benefit** overpayments and subsidy exceeded budget by (£34k) as expected impact of Universal credit has not yet been seen.
- **Investment income** exceeded budget by (£142k) as a result of improved rates and cash balances.

- **Waste Collection & Recycling** income saw a (£50k) shortfall against budget, this was mostly from Trade Waste income, offset by surpluses in Recycling and Kerbside collection.

## 6.0 IMPLICATIONS

6.1 The following implications have been identified:

- a) Financial  
Included in the body of the report
- b) Legal  
There are no legal implications identified as part of this report
- c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)  
Not applicable

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**Background Papers:**  
None

**Background Papers are available for inspection at:**  
N/A