

## **CABINET**

**DATE OF MEETING: 3 SEPTEMBER 2020**

**TITLE OF REPORT: 2019/20 OUTTURN POSITION**

**Report of: Head of Corporate Services & Section 151 Officer**

**Cabinet member: Councillor James Radley, Deputy Leader and Finance**

### **1 PURPOSE OF REPORT**

- 1.1 This report contains details of the final position on the Council's net expenditure for 2019/20.
- 1.2 The Council's Overview and Scrutiny Committee reviewed this report and made requests for additional explanations. These are provided in Appendix 1 to this report.

### **2 OFFICER RECOMMENDATIONS**

- 2.1 That Cabinet note the 2019/20 outturn position, including the underspend of £847K after transfers and accounting adjustments for the General Fund Revenue Account.
- 2.2 Further, that Cabinet endorses the approach that the £847K be used to increase the General Fund Reserve.
- 2.3 That Cabinet approves the carry forward of the unspent revenue budgets as detailed in paragraph 6.

### **3 TIMETABLE**

- 3.1 The draft Statement of Accounts has been produced by the accountancy team at Mendip District Council. The deadline for publication of the draft statements is the 31<sup>st</sup> August 2020. Hart District Council are planning on publishing their statements week commencing 24<sup>th</sup> August 2020.
- 3.2 The Audit Committee is due to receive the audited Statement of Accounts together with the Annual Governance Report for signing and approval at its meeting in November 2020.

### **4 PROVISIONAL REVENUE POSITION**

- 4.1 When the Council set its budget for 2019/20, it anticipated that the result would be a balanced budget; In the event the total underspend on services after adjustments and transfers is £847k.

- 4.2 The following table shows the revenue position for all service areas at the end of March 2020 after carry-forwards and before accounting adjustments required to prepare the Statement of Accounts.

Service Area	Original Budget £'000	Period11 Forecasted Expenditure	Year End Actuals	Performance against Budget	Performance against Forecast
<b>Corporate Services</b>	4,747	4,621	4,625	(122)	4
<b>Community Services</b>	2,148	2,170	1,776	(372)	394
<b>Place Services</b>	1,655	1,940	1,955	300	15
<b>Environment and Technical Services</b>	3,709	3,704	2,452	(1,257)	(1,252)
<b>Other operating expenditure and Financing and Investment Income, Adjustments and Transfers</b>	3,246	3,246	3,850	604	626
<b>Totals</b>	15,505	15,681	14,658	(847)	176

#### 4.3 Corporate Services

Whilst Corporate Services does not have a significant variance against original budget or forecast the total number does include some variances of note. Within total actual expenditure are four key elements of note, amongst other smaller variances:

- Significant underspend of £847K against budget on garden communities due to delay in project.
- Additional costs of £484K compare with budget incurred in the novation of the Accountancy, HR, and Payroll contracts.
- Additional costs of £93K relating to the purchase of the Pavilion, this project was not planned when the budget was set.
- Additional costs of £62K relating to Covid-19 which is made up software, IT equipment and mobile telephones.

#### 4.4 Community Services

The underspend against budget is due to two additional grants received, one of £287K for Social Inclusion and £123K of additional S106. contributions for affordable housing

#### 4.5 Place Services

The reduction in service expenditure of £300K is made up of a reduction of planning income of £265K and many very small underspends and overspends.

#### 4.6 Environmental and Technical Services

Much of the underspend in this area was due to additional income received from the waste contract of £665K and a further £142K saved on the waste contract by round changes.

#### 4.7 Other Operating Expenditure and Financing and Investment Income

This balance is made up of depreciation charges, pension provision requirements and other accounting adjustments required as year-end adjustments.

### 5 CAPITAL POSITION

5.1 Total capital spending in 2019/20 was £9,283k, an overspend of £5,532K against the approved budget of £6,995k. The following table summarises the position by service area. The table overleaf provides the expenditure by service area:

	<b>Approved Budget</b>	<b>Actual Expenditure</b>	<b>Variation</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Corporate Services	497	7,406	6,909
Community	530	1,256	726
Place	0	40	40
Environment and Technical	2,724	581	(2,143)
<b>Total capital programme</b>	<b>3,751</b>	<b>9,283</b>	<b>5,532</b>

5.2 The key variances in the table above are provided below by service area:

#### 5.2.1 Corporate Services

The significant variation is due to the deposit paid on the commercial development at Edenbrook and the purchase of the Pavilion offices in Southampton.

#### 5.2.2 Community Services

The variation in expenditure is due to overperformance on the delivery of Disabled Facilities grant. This was expected and was funded by previous year's carry forward creating an earmarked reserve.

#### 5.2.3 Place Services

During the year, an opportunity was provided to purchase the MFDs (multi-functional devices for scanning, photocopying, and printing) rather than leasing. A value for money decision demonstrated it was better value to purchase.

#### 5.2.4 Environment and Technical Services

There is a significant underspend of £2.1m in this service area. Most of this underspend is made up of four key projects:

- Bramshott Country Park underspent by £1,044K due to delays in delivery caused by adverse weather.
- A budget of £220K was provided for waste vehicles which was not spent in year.

- There were delays in delivering the Edenbrook Skate and Bike Part which had a £220K budget allocated to it.
- Budgets were set aside to deliver £268K of works which will now be delivered as part of the Green corridor project so were not delivered in year.

## 6 REVENUE BUDGET CARRY FORWARDS

- 6.1 Officers have requested that several unspent budgets in 2019/20 are carried forward to the current year to allow them to complete planned expenditure programmes. The amounts requested to be carried forward are detailed below and have been included in the draft statement of accounts provided to the external auditors. The Head of Corporate Services is happy that these are justified slippages.

Type of Expenditure	Amount £'000	Reason
Rural Payments Agency grant funding	28	Funding arrived very late in year and adverse weather prevented expenditure.
Underspend across budgets	7	To contribute to an electric vehicle for the Dog Warden
S106 and SANG criteria	2,048	S106 Developer Contributions
Central Government Funding	547	Earmarked Grant Funding arriving late in year.
Roundabout Sponsorship	47	Additional income
Council Chamber – upgrade of AV equipment to allow streaming	50	Unspent funds
Unspent requirement to deliver overflow at Fleet pond	369	Unspent funds approved by Cabinet July 18

## 7 GENERAL FUND RESERVE

- 7.1 The General Fund Reserve at 31 March 2019 was £5,537K. This is a modest balance and necessary because there is still much uncertainty around future financial settlements from the Government. The General Fund Reserve is further supported by earmarked reserves of approximately £16m at year end. These reserves have been put in place to enable further financial protection and stability and to fund key projects such as our SANGs, provide protections against reductions in business rates income and provide the IT infrastructure and digital transformation for the Council.

- 7.2 A summary of the estimated movement on the Hart General Fund Balance is:

	£000
Balance at 1 April 2019	5,537
Underspend on service budgets transferred to general reserve after accounting adjustments	847
Balance at 31 March 2020	6,380

The above table reflects the opening balance at 1 April 2019, the underspend in year which has been transferred to General Fund in 2019-20; and the closing General Fund balance for 2019-20.

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## **BACKGROUND PAPERS**

### **APPENDIX 1 – Capital Budget Monitoring**