

Report For:	Cabinet
Date of Meeting:	Cabinet 8 July 2019
Part:	Part 1 - Open Report with Part 2 Appendices
If Part 2, reason:	Para 3 - Information about the financial or business affairs of any particular person (including the authority holding that information).



WYCOMBE
DISTRICT COUNCIL
AGENDA ITEM:

SUMMARY	
Title of Report:	PROVISIONAL OUTTURN REPORT FOR THE YEAR ENDING 31 MARCH 2019
Cabinet Member:	Councillor David Watson
Officer Contact: Direct Dial: Email:	David Skinner 01494 421322 David.Skinner@wycombe.gov.uk
Wards affected:	All
Reason for the Decision:	<p>The Cabinet approves a budget each year within the context of a Medium Term Financial Plan (MTFP) to achieve the Council's priorities. The Accounts and Audit regulations 2015 require local authorities to prepare their annual Statement of Accounts, complete with certification from the Section 151 Officer, by 31 May. The Statement of Accounts must be published by 31 July, following an audit undertaken by Ernest & Young.</p> <p>The purpose of this report is to outline the Provisional Outturn for 2018/19. The Council's outturn position is a primary source of information for the production of the Statement of Accounts. The Audit committee will receive the Final Outturn position as part of narrative reporting within the Statement of Accounts at its meeting of 25 July 2019.</p>

<p>Proposed Decision:</p> <p>Proposed Recommendation:</p>	<p>This report sets out the Council's Revenue and Capital Provisional Outturn position for 2018/19. It is recommended that Cabinet:-</p> <ul style="list-style-type: none"> (i) Consider the provisional outturn position for both Revenue and Capital for 2018/19; (ii) Approve the movement in Reserves and Carry Forwards as set out in paragraph 2.4.2.3 and 2.4.2.4 respectively of this report; (iii) Approve the net surplus of £2k transferred to General Reserves as set out in paragraph 2.5 of this report; (iv) Approve the carry forwards and advance funding on the Capital programme outlined in paragraph 3.2 and set out in Appendices C1 and C2; and (v) Approve the virement for Capital schemes detailed in paragraph 3.2.6. <p>Cabinet is requested to recommend to Council that the new legal services expenditure budget of £675,000, and the new legal services recovery income budget of £675,000. Net change in budget requirement is Zero. Full details are found in Appendix D.</p>
<p>Sustainable Community Strategy/Council Priorities - Implications</p>	<p>The financial implications are set out in the report.</p>
<p>Monitoring Officer/ S.151 Officer Comments</p>	<p>Monitoring Officer: The report addresses the statutory obligations placed upon the Council.</p> <p>S.151 Officer: This is a Section 151 Officer report and all the financial implications are included in the report.</p>
<p>Consultees:</p>	<p>None</p>
<p>Options:</p>	<p>None</p>
<p>Next Steps:</p>	<p>None</p>
<p>Background Papers:</p>	<p>Revenue Budget, Capital Programme and Council Tax setting 2018/19 – February 2018 Cabinet</p>
<p>Abbreviations:</p>	<p>None</p>

Appendices to this report are as follows:

APPENDIX A: Efficiency Savings

APPENDIX B: Repairs & Renewals

APPENDIX B1: Subjective Analysis

APPENDIX C1 Capital Carry Forwards – Confidential

APPENDIX C2 Capital Advance Funding– Confidential

APPENDIX C3 2018/19 Revised Capital Programme Detail– Confidential

APPENDIX C4 Variances to 2018/19 Capital Programme – Confidential

APPENDIX D Legal Services Provision – BCC

1. Background

- 1.1. This report sets out the Council's financial position as at year end 31 March 2019. The report reflects what has been reported to Senior Management Board.
- 1.2. The Revenue and Capital outturn positions are reported in sections 2 and 3 respectively.
- 1.3. **Revenue** - The net £2k underspend is following transfers to Earmarked reserves as detailed in paragraph 2.4.2. Section 2 of the report provides detailed outturn by portfolio holder along with reasons for both favourable and unfavourable variances.
- 1.4. **Capital** - After carrying forward budgets of £7.2m and bringing forward budgets of £1.3m the Capital Programme is showing an outturn of £15.6m, resulting in a small net underspend of £94k. Whilst recognising a number of significant and complex projects have been delivered, with many underway, the 2018/19 budget was initially set at £45.4m and has ended the year at a revised balance of £15.7m. There is clearly a need to ensure the 2019/20 capital profile is realistic and deliverable to ensure best use of the Council's resources. Section 3 provides further details.

2. Revenue position

- 2.1. The net revenue provisional outturn position by Portfolio Holder as at 31 March 2019 is showing a favourable variance of £2k against a budget of £14,490k, as summarised in Table on the following page:

Revenue Outturn Summary	2018/19 Outturn				
	Budget	Actual	Carry Forwards	Provisional Outturn	Variance
	£k	£k	£k	£k	£k
Community	2,209	2,343		2,343	134
Strategy and Communication	3,231	3,079	77	3,156	(75)
Economic Development & Regeneration	(4,831)	(4,538)		(4,538)	293
Environment	5,506	5,331	47	5,378	(128)
Finance and Resources	2,171	1,485	40	1,525	(646)
Housing	1,831	1,387	228	1,615	(216)
Digital Development & Customer Services	5,847	5,454		5,454	(393)
Planning	1,492	1,425	208	1,633	141
Young People	78	64		64	(14)
Net Cost of Service	17,534	16,030	600	16,630	(904)
Capital Charges	(2,511)	(2,511)		(2,511)	0
Interest Receipts	(539)	(861)		(861)	(322)
Movement to/from Earmarked Reserve	(773)	2,268	(600)	1,668	2,441
Revenue Contribution to Capital	685	685		685	0
Payment to parishes	94	89		89	(5)
General Fund Requirement	14,490	15,700	0	15,700	1,210
Funding Sources					
Collection Fund Surplus	(261)	(261)		(261)	0
Business Rates	(3,225)	(4,437)		(4,437)	(1,212)
Revenue Support Grant	(117)	(117)		(117)	0
New Homes Bonus	(1,560)	(1,560)		(1,560)	0
Demand on Collection Fund	(9,327)	(9,327)		(9,327)	0
Total Funding	(14,490)	(15,702)	0	(15,702)	(1,212)
Surplus/Deficit for the Year	0	(2)	0	(2)	(2)

2.2. Key movements between Quarter 3 projection and Outturn

2.2.1. The forecast position on the Net Cost of Service for Quarter 3 reported to Cabinet was underspend of £409k. A summary of the main changes which make up the movement to the outturn underspend of £904k is shown below:

Budget Monitoring Quarter 3 Variance - Net Cost of Service	(409)
Under achievement on turnover rental income due to retail market conditions	183
Underspend on Repairs & Renewals mainly due to cancellation of the Council Chamber Project, offset by unfavourable variances across the programme.	(135)
Housing Benefit end of year technical adjustments; less Bad Debt Provision requirement than budgeted for £278k and £510k higher grant eligibility expenditure than budgeted for.	(788)
Capitalisation of Staff cost not actioned due to reprofiling of the programme	262
Other minor movements	(17)
Outturn Variance - Net Cost of Service	(904)

2.3. **Reasons for Outturn Variances:** The main reasons for variances by Portfolio in Table 1 are given in the following paragraphs.

2.3.1. **Community**

Adverse variance of £135k. Overspend of £153k on Little Marlow Athletics track relating to rates and non-contract fees. Pressure of £71k on staff capitalisation which did not take place. Underspends of £68k from higher management charges and lower footpath repairs in Parks, and £62k in CCTV from vacancy management and lower maintenance spend.

2.3.2. **Strategy and Communication**

Favourable variance of £75k. Staff savings from restructure in Policy and Performance, and vacancies in other areas total £89k. Pressure of £54k on staff capitalisation which did not take place, and pressure of £45k on legal fee income.

2.3.3. **Economic Development & Regeneration**

Adverse variance of £292k. Retail trading conditions have adversely affected turnover rental income by £183k in 2018/19. Also pressure on Repairs and Maintenance of £51k (see Appendix B), and feasibility on Cressex Island development project, £50k.

2.3.4. **Environment**

Favourable variance of £128k. Hackney Carriage licence income over-achievement, £58k. Joint waste client income £54k higher. Joint waste contract pressure £67k from backdated indexation agreement and high variations.

Car Parking – Income shortfall of £89k due to reduced enforcement and season ticket activity. Favourable variance of £73k on agency staff.

2.3.5. **Finance and Resources**

Favourable variance of £646k. Pressure on staffing £127k from interim staff in Accountancy.

Underspend on the contingency budget of £315k. Housing Benefit end of year technical adjustments, less Bad Debt Provision requirement than budgeted for £278k and £510k higher grant eligibility expenditure than budgeted for.

2.3.6. **Housing**

Favourable variance of £216k. Key elements are lower payments for B&B of £66k following widening of advice service, £60k underspend on staffing, and £73k underspend on Housing Needs Survey. Overspend of £51k on Saunderton Lodge repairs.

A number of grants were not fully utilised in year, and a request to carry forward these amounts has been made; this includes Homelessness Strategy, and Homelessness Prevention.

Since April 2017 the Council received specific grants to fund the provisions of the new Homeless Reduction Act. Also received a new grant, the Flexible Homelessness Support Grant, which has been utilised for this purpose, this totals £689k over the period April 2017 to March 2019.

The Housing Service's innovative and traditional methods to achieve reduced homelessness included:

- Additional funding for Wycombe Rent Deposit Guarantee scheme to assist single people, in line with provisions of the new Act.
- Funded specialist post in Housing Service to assist in attracting private landlords to work with us and let properties to our clients
- Funded specialist post in Housing Benefits giving priority to claims for people at risk of homelessness (e.g. a landlord may threatening eviction due to unpaid rent). So payments are kept up to date reducing risk of eviction
- Appointed additional staff to help with new burden of work from new Act, and to achieve outcomes in line with the approved strategy.

In 2018/19 these approaches resulted in 55 referrals to longer term rental rather than Bed & Breakfast or other temporary accommodation. The Council is in full compliance with the new Homelessness Reduction Act.

2.3.7. **Digital Development & Customer Services**

Favourable variance of £393k. Underspend of £254k in Repairs and Renewals through cancellation of Council Chamber refurbishment project. (see Appendix B) Underspend of £50k in rates for Queen Victoria Road Offices following a revaluation by the Valuation Office Agency.

2.3.8. **Planning**

Adverse variance of £141k. Pressure of £74k on Building Control income. Overachievement on CIL Admin income £81k and non-statutory advice service £58k.

Net underspend on staffing budgets of £74k due to project delays; pressures of £50k on staff capitalisation which did not take place, and £82k for employment of apprentices and exit costs.

£164k of Princes Risborough Capacity grant was not utilised in year, subject of carry forward request.

2.3.9. **Young People**

£14k favourable variance due to delayed start to youth mentoring project.

2.4. **Technical items**

2.4.1. **Investment Income** – The favourable variance on Investment income of £322k is due to higher return and healthy cash balances resulting from delays in capital programme spend. A detailed report on Treasury activity is a separate item on this agenda.

2.4.2. **Contribution to/from Reserves** – This comprises four main items as detailed below:

2.4.2.1. Approved by Cabinet & Council in February 2018: The Repairs and Renewals programme, which had an underspend of £135k as detailed in Appendix B is funded from reserve. The drawdown from planning reserve of £81k has been reprofiled in 2019/20 in line with the Transformation Project.

2.4.2.2. Approved by Cabinet February 2019: As at Quarter 3 budget monitoring reporting, transfers to Earmarked Reserves were approved for Digital First programme £235k, and Street Wardens £315k. These will fund the work programmes during 2019/20 and 2020/21.

2.4.2.3. New Reserves: Due to sufficient General reserves, it is proposed to set aside, £330k for Asbestos reserve, £217k for Financial Instrument Equilisation Fund reserve, £1,127k for Capital Feasibility reserve and £50k Citizen Advice Bureau (CAB) as detailed below:

2.4.2.3.1. Asbestos Reserve (£330k)

The Council has indemnified Red Kite Community Housing (RKCH) to cover the cost of removal, treatment or encapsulation of asbestos for cases that relate to pre-transfer of the housing stock to RKCH in December 2011. The proposed transfer of £330k will add to the already established reserve of £1,019k.

2.4.2.3.2. Financial Instrument Equilisation Fund (£217k)

Following the introduction of the new International Financial Reporting Standard (IFRS) 9 on Financial Instrument, any change in fair value would have to be taken to Income and Expenditure account which means it would have an impact on Council Tax. However, there is a statutory override for a limited period of five years which expires in 2022/23. This reserve is proposed to mitigate any financial impact on changes in fair value of the Property Pooled fund after this period.

2.4.2.3.3. Citizen Advice Bureau (£50k)

Payment of one-off grant to Citizen Advice Bureau (CAB) for additional resource to match emerging pressures on the service.

2.4.2.3.4. Capital Feasibility Reserve (£1,127k)

The Council has an ambitious capital programme over the next 5 years of £120m. Due to the nature of some projects there are risks such as cost overruns, delays, interdependency, economic risks, etc. To ensure all these risks are mitigated, a feasibility study is essential. The total estimated budget requirement for feasibility work for the 4 year period of the capital programme is approximately £4.8m. The proposed transfer of £1,127k will fund the feasibility costs for 2019/20.

2.4.2.4. Carry-Forwards: These are various unspent grants and budgets for specific projects/workstreams. These were not fully spent and therefore will be carried forward to fund the completion of projects in 2019/20. These are summarised in the table on the following page:-

Portfolio	Amount £k
Environment	47
Finance	40
Housing	228
Planning	208
Strategy and Communications	77
Total	600

2.5. **Net Surplus**

The Cabinet at its meeting on 6th February 2018 approved the minimum level of the General Fund Working Balance to be £7.5m. The Council holds a general fund balance of £9.848m which represents 68% of the council's budget requirement for 2018/19 (£14.490m). It is proposed that the net surplus of £2k to be transferred to the general reserve bringing the year-end balance to £9.850m.

2.6. **Subjective Outturn** - Please see Appendix B1.

2.7. **Efficiency Plan Savings**

As at year end the final position for achieving savings and additional income is £434k against the net approved savings and income of £535k. The unfavourable position of £101k results from delays in two key projects, CCTV Partnering and Fieldhouse Regeneration scheme.

See Appendix A for further details.

2.8. **Repairs & Renewals**

Overall this shows an underspend of £135k. Most projects overspent their approved budgets, but a key project in the Digital Development and Customer Services Portfolio, the Council Chamber Refurbishment, was cancelled, giving underspend of £254k.

As this expenditure is funded from an Earmarked Reserve, any unspent budget will not be carried forward.

Appendix B provides full details.

3. Capital Programme

3.1. The actual spend on the capital programme is £15.537m against a total revised programme of £15.625m. The Council in February 2018 approved a capital programme for 2018/19 of £45.358m. As part of the budget setting exercise for 2019/20, the programme was reviewed which resulted into reprofiling of schemes and the revised programme for 2018/19 of £21.552m was approved by the February 2019 Council. The movement since the approval of the original programme in February 2018 and the subsequent approval in February 2019 are summarised below.

Capital Plan Summary 2018/19 - 2022/23

Portfolio	Original Budget 2018 / 2019 Feb Cabinet £m	Budget 2018 / 2019 Feb Cabinet £m	Carry Fwd £m	Adv Funding £m	Total Adjts since Feb Cab £m	Revised Budget 2018 / 2019 £m	Spend £m	2018/19 Outturn Var £m
Community	4.423	2.288	(1.482)	-	(1.482)	0.806	0.715	(0.091)
Environment	-	-	-	-	-	-	-	-
Housing	5.038	2.232	(0.797)	-	(0.797)	1.435	1.435	-
Econ. Devt and Regen.	18.786	12.722	(3.185)	0.931	(2.254)	10.468	10.774	0.306
Planning	15.500	3.346	(1.687)	0.010	(1.677)	1.669	1.671	0.002
Finance and Resources	-	0.308	-	-	-	0.308	-	(0.308)
Digital Devt. & Cust. Services	1.611	0.656	(0.076)	0.359	0.283	0.939	0.942	0.003
Grand Total	45.358	21.552	(7.227)	1.300	(5.927)	15.625	15.537	(0.088)

See Appendices for detail:

App. C1 App. C2

App. C3

App. C4

3.2. Detailed analyses of the carry forward, advance funding, revised Capital programme and the Outturn variances are provided in the Appendices 1 to 4.

3.2.1. **Advance funding £1.300m – (Appendix C2)** This is mainly in respect of investment property acquisition where the balance will be funded from the 2019/20 budgets.

3.2.2. **Revised 2018/19 budget – (Appendix C3)** the detailed budget showing the original budget approved in Feb 2018 and incorporating all the movements above is provided in Appendix 3.

3.2.3. **Net (under)/over spend (£0.088m) – (Appendix C4)** The main variances relate to the unbudgeted £250k cost of s106 works at Handy X which the Council is contractually committed to pay as part of the disposal of the site and the release of the £308k capitalisation budget which has not been used this year.

3.2.4. **Revised 2019/20 budget and remaining Capital Programme** - There is a need to review the full Capital programme to ensure the profile is realistic, in particular in 2019/20. The Q1 monitoring report submitted to Cabinet in September 2019 will identify any need to reprofile the budgets

3.2.5. **Carry Fwd £7.227m – (Appendix C1)** This column refers to projects where expenditure is still expected to be incurred, but will now be in 2019/20 or future years. The projects carrying fwd budget of £250k and over to 2019/20 are listed in the table below. The balance comprises a large number of smaller carry fwds as set out in Appendix C.

CAPITAL PROGRAMME ADVANCE FUNDING

Cost Centre	Description	Advanced Funding £m	COMMENT
Community			
EDBC76	Risborough Springs Swim & Fitness Centre Extension	0.425	Reprofiling of remaining budget into 19/20. Delayed budget spend due to deferred commencement of construction works to allow for planning requirement to monitor surface water infiltration over the winter period to support a final solution on a SUDs for the extension to the existing Leisure centre. This exercise has now been completed and drainage solution tabled for a commencement of works in June and completion within the 19/20 financial year
EDFA38	New Café / Toilets on the Rye	0.380	The funding will need to be carried over to 19/20 as procurement for the works contractor is due to be undertaken in April, with planning submission following in the summer 2019 and works commencing winter/spring 19/20. The construction period is also constrained by the need to avoid the main trading period from April to September.
Economic Development and Regeneration			
EDBC41	Baker St - Phase 1 Aldi	0.260	Budget reprofiled to complete Phase 2 public realm works in early 2019/20. Short delay compared to original budget profile due to time it has taken to get BCC to complete the Sn278 agreement/procure the works.
EDBD01	Bassetbury Allotments	0.285	Scheme pushed back due to negotiations with BCC on their SUDS requirement, which delayed grant of planning permission and UU requirement for adjoining embankment footpath scheme, which has required a separate planning consent (forming part of enabling works to be procured as one contract)
EDBC69	Handy X New Sports Centre	0.281	Carry forward funds to 19/20 for finishing off works. This is a continuing reactive programme.
EDBD06	Cressex Business Park Devt	0.650	Virement from Regeneration Fund in 2018/19 carried forward to 19/20 and used to cover increased s278 and development costs for Cressex development
EDBB99	Regeneration Fund	0.407	This is a rolling programme - the budget was not fully utilised to acquire development sites in 2018/19.
Housing			
EDBB01	Affordable Housing / Land Purchase - S106	0.250	At least two Schemes will be delivered in 19/20. Originally £250k was expected to be spent in 2018/19 however the necessary legal work for these schemes and anticipated funds are expected to be fully utilised in 19/20 to grant fund at least 27 additional, affordable homes for rent
EDBB08	Assured Tenancy Scheme - Temp Accom	0.300	Scheme will be delivered in 19/20. Slippage is due to extended legal work required on the Assured Short Hold Tenancy 2 scheme. First properties identified by Harrow Churches Housing Association for purchase in 19/20.
Planning			
EDBC40	HW TCMP - Alternative Route	1.152	Delivery partners (BCC) have advised reprofiling original budget to 2019/20. The programme of works is still on budget but has been delayed due to procurement of specialist signage and non standard tarmacking contractors together with contractor delays arising from time taken to resolve access issues to Cressex Business Park. Overall completion date revised to October 2019.
		4.390	

3.2.6. The following virement is proposed for approval for 2018/19. The £650k is then to be carried forward to 2019/20 (included in Appendix C1 and C3).

	Portfolio	Scheme	Reason	Amount £m
From	Economic Development & Regeneration	Regeneration Fund	The initial budget was based on a £4m estimate. Additional funding required to meet increased cost of supporting infrastructure following more detailed specification. In addition, consulting engineer's recommendation is an additional contingency for Crest Road signalisation of £250k.	0.650
To		Cressex Development		