



Report to Cabinet

Date: 07/07/2020

Title: Aylesbury Vale District Council (AVDC) - Revenue & Capital Provisional outturn 2019/20

Relevant councillor(s): Cllr Katrina Wood

Author and/or contact officer: Richard Ambrose

Ward(s) affected: All AVDC Wards.

Recommendations:

- a) Consider and note the provisional outturn position for both Revenue and Capital for 2019/20.
- b) Note the movement in reserves as set out in table under paragraph 1.12 of this report.
- c) Note the General Fund Reserve position in paragraph 1.14 of this report.
- d) Approve the Capital Carry Forwards of £14.7m in paragraph 1.13.

Reason for decision:

This report provides the Cabinet Members with the provisional outturn for the financial year 2019/20 against the approved budget. The Council's outturn position is a primary source of information for the production of the Statement of Accounts.

Executive summary

- 1.1 This report sets out the Council's financial position as at year end against the approved budget for the financial year 2019/20.
- 1.2 Due to Covid, the Ministry of Housing, Communities and Local Government has delayed the issue of NNDR3 (Business Rates) forms and completion deadline, therefore the Business Rates outturn position could change. In addition to this the audit findings could have an impact on the final position. The Audit committee will

receive the Final Outturn position as part of narrative reporting within the Statement of Accounts in July 2020.

- 1.3 There were a number of exceptional factors in 2019/20 for the Council, with the transition to the single unitary council in April 2020. Whilst every effort was made to deliver to the approved budget and focused on continuity of service delivery, the decision has had a significant impact on the cost of service delivery.
- 1.4 The forecast outturn position at portfolio level moved significantly since quarter 3 with further details provided in paragraph 1.7. The revenue outturn position at the end of the financial year 2019/20 shows a balanced position. This is achieved through favourable variance on financing items and grant funding from higher retained Business Rates generated through the Government's business retention system and Business Rate Pooling Pilot.
- 1.5 Total spend on the Capital Programme for the year is £14.715m against a budget of £28.484m resulting in a variance of £13.769m. The variance is made up of total slippage of £13.825m which will be carried forward into 2019/20 and overspend of £0.56m.
- 1.6 All Covid related government funding will be accounted for by Buckinghamshire Council on an ongoing basis. At this stage the main areas of pressure in relation to Covid are in reductions to income in relation to rental income and parking income. These have been captured and quantified in the CMT and MHCLG returns in BC.



Content of report

- 1.7 **Movement between Quarter 3 and Outturn:** There has been significant change in the outturn position compared to quarter 3 and is summarised in the table below followed by reasons for significant movements.

Portfolio	Qtr 3 Variance £000	Outturn Variance £000	Movement £000
Civic Amenities	-171	-161	10
Communities	-80	-22	58
Economic Development	199	12	-187
Environment & Leisure	115	78	-37
Finance & Resources	48	1,735	1,687
Leader	-120	75	195
Planning & Enforcement	655	755	100
Strategic Planning & Infrastructure	-35	91	126
Waste & Licencing	985	1,408	423
Portfolio Expenditure	1,596	3,971	2,375
Net Interest Payable/(Receivable)	-193	-216	-23
Contribution To/from Reserves	2,983	1,095	-1,888
Contingency Items	37	37	0
Asset Management	28	28	0
Contribution from Special Expenses Balances	37	-4	-41
Financing Items	-437	-687	-250
Financing, Technical & Corporate items	2,455	253	-2,202
District Expenditure	4,051	4,224	173
Aylesbury Special Expenses	0	0	0
Net District Expenditure	4,051	4,224	173
Funding - Government Grant	-4,051	-4,224	-173
Collection Fund	0	0	0
Net position	0	0	0

- a) Communities £58k : Insufficient budget leading to overspend on CCTV was only highlighted as a pressure at year end resulting into an adverse movement of £50k
- b) Economic Development (£187k): Rental income pressure of £118k on commercial properties is now being funded from reserve. In addition to this a favourable variance of £75k in respect of conference centre income was not forecasted at quarter 3.
- c) Environment & Leisure (£37k) : A savings on £129k due to grounds maintenance contract for Parks, Pitches and Open Spaces being brought back in-house, however these costs are now being borne elsewhere in the authority for which the recharges were not actioned. In addition to this the forecast outturn on land drainage cost and office running costs were lower than quarter 3 predictions. These favourable variances have been partly offset by higher agency staff costs

within enforcement, lower licensing income which were not forecasted at quarter 3.

- d) Finance & Resources £1,687k : Year-end increase in Bad Debt provision of £903k resulting from a significant write-off and also Covid 19 impact on future collection of vulnerable category of debts, both of which were not forecasted at quarter 3 and are one-off costs for 2019-20. Increase of £185k in staffing and agency costs during the last quarter resulting from continued long term sickness and staff turnover. This was compounded further by £145k in respect of Grant income and £391k cost income for Council Tax and Business Rates. There is currently pressure due to Covid-19 on both the staffing costs and court costs income. These are being monitored closely to assess the ongoing impact.
- e) Leader £195k : Higher unitary costs £110k, redundancy cost £62k and recharges of £44k for legal services to capital was not deemed appropriate. All of these were forecasted at quarter 3.
- f) Planning and Enforcement £100k : The staffing costs for heritage services increased by £72k which were not included in the quarter 3 forecast and the income of £40k did not materialise in the last quarter.
- g) Strategic Planning & Infrastructure £126k– The commercial development service only achieved an income of £5k against the income target of £95k and £50k recharge to capital was not deemed appropriate, both of these were not forecasted at quarter 3.
- h) Waste & Licensing £423k – increase in staffing costs £70k, provision of bins and stickers for the brown bins £138k, increase in waste disposal costs and decrease in garden waste income which was not included in the forecast at quarter 3. The waste disposal cost pressure is ongoing and the budget in 20/21 was increased by £440k as part of the MTFP process. The garden waste pressure is due to change in accounting policy and therefore it is one-off.
- i) Government Grant funding (£173k) – This is in relation to Enterprise Zone relief which is difficult to forecast until last quarter

1.8 **Revenue Outturn summary** : The net revenue provisional outturn position as at 31 March 2020 is showing an overspend of £4.228m against a budget of £23.511m. This is offset by favourable variance on Government Grants resulting in a balanced position as summarised in table below:

Portfolio	Current Budget £000	Outturn £000	Variance £000
Civic Amenities	-932	-1,093	-161
Communities	1,784	1,762	-22
Economic Development	3,151	3,163	12
Environment & Leisure	2,973	3,051	78
Finance & Resources	8,574	10,309	1,735
Leader	6,946	7,021	75
Planning & Enforcement	794	1,549	755
Strategic Planning & Infrastructure	1,496	1,587	91
Waste & Licencing	7,137	8,545	1,408
Total Portfolio Expenditure	31,923	35,894	3,971
Net Interest Payable/(Receivable)	-1,217	-1,433	-216
Contribution To/from Reserves	-3,492	-2,397	1,095
Contingency Items	-274	-237	37
Asset Management	-3,908	-3,880	28
Financing Items	479	-208	-687
District Expenditure	23,511	27,739	4,228
Aylesbury Special Expenses	-849	-849	0
Contribution from Special Expenses Balances	-51	-55	-4
Net District Expenditure	22,611	26,835	4,224
Government Grant	-10,923	-15,147	-4,224
Collection Fund	-11,688	-11,688	0
Overspend	0	0	0

1.9 Portfolio Expenditure : reasons for revenue outturn variances by portfolio are summarised below:

- a) **Civic Amenities:** Net underspend of £161k resulting mainly from net underspend of £38k on car parks due to £150k transitional relief for business rates, contract and utilities savings offset lower car parking income £297k. Lower cost of repairs on leisure centre and Theatre £120k. Other minor variances included £17k overspend due to replacement of Market equipment, cost savings on Town centre £17k and higher income from the AccessAble project £10k.
- b) **Communities:** Favourable variance of £22k due to budget savings arising as a result temporary cessation of the taxi token scheme (£33k) whilst the scheme is being reviewed, £54k additional nomination income received from Private Housing partners offset by higher bed & breakfast accommodation costs £60k.
- c) **Economic Development** : Minor adverse variance of £12k resulting mainly from rental income pressure of £268k on commercial properties due to voids this

pressure is being funded from the earmarked reserve set aside for this purpose, £32k increase in staff costs for Industrial Estates and Town centre properties, Office Accommodation adverse variance of £74k due to one off refund of rent deposit of £20k plus increased equipment repairs, utilities and security costs offset by a favourable variance of £91k in relation to higher income - recharge of 17/18 East West Rail costs, cost savings including utilities and savings on Economic Development grant payments.

- d) **Environment and Leisure:** net overspend of £78k which mainly results from an overspend on staff of £247k relates to the use of agency staff working on planning enforcement due to service improvement works and lower income. This is offset by £60k reduced costs and higher income for Communities and Community Centres, £24k savings on Land Drainage service costs and £81k favourable variance resulting from increased income and cost savings on Parks, Pitches & Open Spaces.
- e) **Finance and Resources:** net overspend of £1,735k. £637k overspend on Council Tax and Housing benefit administration arising from increased staffing costs (£315k), lower cost income (£177k) and increased software maintenance costs (£145k). Reduction in rating recovery cost income resulting in an unfavourable variance of £272k. Increase in Bad Debt provision for housing benefit debt £655k and sundry debts £328k. This is offset by favourable variances across the service through vacancy management and savings on other costs.
- f) **Leader:** Adverse variance of £75k arising mainly on legal services £121k due to lower S106 income and higher staffing costs, £110k due to increase in share of unitary costs and pressure on Business Strategy of £78k due to lower income and pension strain costs. This is offset by saving on Chairman's expenses £12k and net underspend on staffing costs £223k due to senior management departures and vacancy management.
- g) **Planning and Enforcement:** £755k budget pressures resulting on Heritage services of £50k due to higher agency staff costs and £100k donation to environmental initiative. In addition, planning & building control services are over spending by £600k most of which arise from increased agency costs £100k and shortfalls in planning income £350k and building regulation income of £150k. This pressure is being funded from the planning reserve.
- h) **Strategic Planning and Infrastructure:** an adverse variance of £91k due to lower income on planning policy.
- i) **Waste and Licencing:** Overspend of £1,408k due to increased trade waste disposal fees (£455k), reduced garden waste income due to a change in income collection policy and increase in cost (£830k). These overspends are further compounded by increase in staffing costs due to long-term sickness (£100k). The

reduction in garden waste income is not actual loss of income, but recognising the income in the accounts later. This change impacts 2019/20 only; assuming that take-up of the Garden Waste service is achieved. There is a favourable variance of £22k on licencing income.

1.10 **Corporate Items:** These budgets are in respect of Interest Payable & Financing items: Reasons for favourable variance of £903k are summarised below:

- An increase to dividend from Aylesbury Vale Estates £100k and Crematorium income £95k.
- The forecast position reflects savings on interest charges due to lower than planned level of borrowing £216k.
- Revision downwards of Minimum Revenue Provision (MRP) in line with revised borrowing requirements £244k.
- Collection fund adjustment of £255k.

1.11 The net overspend after favourable variance on financing items and grant funding is being met from higher retained Business Rates generated through the Government's business retention system and Business Rate Pooling Pilot which Bucks authorities signed up for in 2019/20. The gain from Business Rates Retention is £4,223k due to S31 grant of £2.6m and on NNDR Levy payment £2m which is not required under the pooling arrangements. The balance of this gain (£998k) will be added to the Business Rate Reserve.

1.12 **Contributions to/from reserve:** The net contribution from reserves are £2,397k which in the main is to fund the overall pressures during 2019/20 and other commitments. In addition to this, as part of the year-end review of reserves there have been transfers to/from reserves as detailed in the table overleaf. There are two significant transfers from uncommitted Business Rates (BR) and New Homes Bonus (NHB) reserves as detailed below:-

- a) East/West Rail Link – This reserve was set up in 2018/19 (£350k) as the Council has committed £5m to this project that will provide strategic benefits to the vale as a commercial hub. A transfer from uncommitted NHB reserve of £4,650k has been made to this reserve to fulfil this commitment.
- b) Asbestos Warranty – As part of the Housing stock transfer to Vale of Aylesbury Housing Trust (VAHT), the Council has the liability to cover the cost of asbestos removal from the properties that were part of the stock transfer. A reserve of £2m has been set to cover this future liability and is mainly funded from the uncommitted BR reserve.

The table below summarises the activity on reserves.

Description	Transfers out	Transfers in	Net Movement	Reason
	£000	£000	£000	
Amenity areas	0	-424	-424	Net commuted sums income received during 19/20
Property strategy	268	0	268	To fund the voids pressure on rental income
New homes bonus (NHB)- east/west rail link	97	-4,650	-4,553	Creation of new reserve to fund the cost of rail link funded from uncommitted NHB
New homes bonus - parishes	1,049	-876	173	Funds received from NHB to fund parish capital schemes.
Asbestos warranty	0	-2,000	-2,000	Asbestos warranty part of the housing stock transfer funded from Business Rates reserve
				£1,841k transfer to Asbestos Warranty reserve
				£1,187k transfer to revenue to fund planning income and costs pressures
				£159k transfer from NHB reserve
				£998k Balance of gains on Business Rates Retention
Business rates	3,028	-998	2,030	£400k transferred to BCC for Connected Counties, £192 used to part fund AVB loan writeoff
New homes bonus - high speed broadband	592	0	592	To fund the cost of connected knowledge programme
New homes bonus - connected knowledge	1,247	0	1,247	£4650k to fund creation of E/W rail link reserve
				£876k to NHB parishes
				£298k to affordable housing capital reserve
				£179k to fund the balance of the AVB loan writeoff
				£400k transfer to planning reserve
				£159k to part fund creation of Asbestos reserve.
New homes bonus - uncommitted	6,562	-5,014	1,548	Transfer in from NHB receipts of £4728k and repayment of loan from fund to make lump sum payment to Pensions deficit
Health licensing income	179	0	179	Used to fund overspends/shortfalls in income in Licensing
Planning fees	600	-462	138	To fund the income pressure and transfer in from NHB
Unitary	4,974	0	4,974	To fund the Unitary programme
Recycling & composting	172	0	172	Used to fund overspends/shortfalls in income in Waste
Contribution to capital reserve		-2,018	-2,018	Net transfer to capital reserve re VAHT house sales & VAT shelter scheme
Affordable housing capital reserve		-298	-298	Transfer from NHB funds
Miscellaneous Reserves	830	-461	369	
Total	19,598	-17,201	2,397	

1.13 **Capital Outturn** : The table below summarises the capital outturn. Against the revised programme of £28,484k the actual spend was £14,715k. The remaining programme of £13,825k includes major schemes such as Depot refurbishment £4,494k which is due to complete in 20/21, Town Centre Regeneration £4,500k this scheme has not commenced and £1,892k on Public Realm works at waterside north.. It is recommended these to be carried forward in to 20/21 to ensure completion of the projects.

Schemes	Approved Capital Plan 19/20 £000s	C/fwds 19/20 & Other Adj £000s	Revised Capital Plan 19/20 £000s	Actuals £000s	C/fwds to 20/21 £000s	Over/(Under) spend £000s
University Campus, Aylesbury Vale	0	237	237	0	237	0
Public Realm Waterside North	0	2,914	2,914	1,023	1,892	0
Food Waste Vehicle Replacement	600	0	600	656	0	56
Depot Purchase / Refurbishment	6,250	3,752	10,002	5,508	4,494	0
Car Park Improvement	600	-40	560	22	538	0
Community Centre Upgrades	341	0	341	65	275	0
Street & Horticultural Vehicles	1,250	0	1,250	840	410	0
Play Areas	140	0	140	0	140	0
Public Convenience	140	0	140	0	140	0
Town Centre Regeneration	4,500	0	4,500	0	4,500	0
Housing - DFG/ Enabling	1,600	0	1,600	1,001	599	0
Silverstone EZ	5,000	0	5,000	5,000	0	0
Silverstone Heritage	500	-500	0	0	0	0
Westcott EZ	1,200	0	1,200	600	600	0
Total	22,121	6,363	28,484	14,715	13,825	56

1.14 **General Fund Reserve**: The table below summarises the position as at end of March 2020.

GENERAL FUND STATEMENT OF BALANCES	ACTUAL OUTTURN 2018/19 £'000	ORIGINAL BUDGET 2019/20 £'000	ACTUAL OUTTURN 2019/20 £'000
Brought Forward 1st April	-1,977	-1,927	-2,353
Planned Contribution to Balances	-240	0	0
Less General Over/(Under)spend Assumption	-192	0	0
Contribution to the HS2 Fund	6	0	0
Commercial AVDC Change Project	50	0	0
Net (Contribution to)/Use of Balances	-376	0	0
Working Balance Carried Forward	-2,353	-1,927	-2,353

Other options considered

1.15 Not applicable.

Legal and financial implications

1.16 This is a Section 151 Officer report and all the financial implications are included in the report.

1.17 There are no legal implications arising directly from this report.

Corporate implications

1.18 The financial performance against the approved budget is key to the delivery of the overall Council's Vision and Priorities.

Consultation and communication

1.19 Not applicable

Next steps and review

None.

Background papers

AVDC Council Report 6th February 2019 : Final Budget Proposal for 2019/20 and Capital Programme update 2019/20 to 2022/23.

<https://buckinghamshire.moderngov.co.uk/CeListDocuments.aspx?Committeeld=491&MeetingId=2347&DF=06%2f02%2f2019&Ver=2>

Your questions and views (for key decisions)

If you have any questions about the matters contained in this report please get in touch with the author of this report. If you have any views that you would like the cabinet member to consider please inform the democratic services team. This can be done by telephone [01296 382343] or email

[democracy@buckinghamshire.gov.uk].