



Corporate Policy and  
Resources

Thursday, 13 June 2019

**Subject: Budget Monitoring Final Outturn 2018/19**

Report by:

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Purpose / Summary:

This report sets out the final budget outturn position for revenue and capital 2018/19.

In addition it requests approval to accept a grant and to incur expenditure to be claimed in arrears against the grant.

**RECOMMENDATION(S):**

- a) That Members accept the out-turn surplus position of £664k.
- b) To approve a contribution of £263k to the Valuation Volatility Reserve as per the Non-Treasury investment strategy.
- c) To approve the remaining £401k be transferred to the General Fund working balance.
- d) That Members accept the grant awarded by One Public Estate (OPE) of £100k and West Lindsey District Council (WLDC) acting as joint accountable body with Lincolnshire County Council (LCC), agreeing to incur expenditure to be claimed in arrears against the award (see Section 3 for details).

- e) That Members note the items contained at Section 4;
  - a. Section 137 expenditure statement for 2018/19, showing contributions made to certain charitable funds and not for profit bodies providing a public service in the UK.
  - b. Building Control Account for 2018/19, showing the deficit for the chargeable and non-chargeable work for the year.
- f) That Members accept the final capital outturn position of £21.079m (Section 5).
- g) The Revenue Outturn Subjective Analysis is included at Appendix A for information.
- h) That Members note the content of the Regulation 62 of the Community Infrastructure Levy (CIL) Regulations 2010 report (Appendix B).

## IMPLICATIONS

**Legal:** None arising as a result of this report.

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## Financial : FIN/2/20/TJB

The forecast outturn position for 2018/19 was presented to this committee on 11 April 2019 as part of the Budget and Treasury Management Monitoring report for period 4 (FIN/1/20).

The forecast outturn position at that time was a net contribution to reserves of £634k.

The purpose of this report is to present to Members the final outturn position for the year, following the closure of accounts.

The final outturn position is a net contribution to reserves of £664k, an increase of £30k from the previous forecast.

This is after taking account of approved carry forwards of £919k, as approved in the previous report and which in the main relates to one off budget provision for ongoing project related costs. Details are included in this report at Appendix C.

£263k of the forecast contribution to reserves relates to the net Treasury Management impact on investment and borrowing interest. To ensure sustainability any capital investments funded from borrowing are assumed to require PWLB borrowing to finance the expenditure. This committee have previously approved that any net surplus be set aside at the year end to the Valuation Risk Reserve. This reflects the saving from using internal resources to finance capital during the year.

The remaining balance of £401k has been transferred to General Fund balances.

<b>Summary of Out-turn Position 2018/19</b>		
	£ 000	
FORECAST OUTTURN AS AT 29.04.19	(1,583)	BEFORE CARRY FORWARDS
<b>CARRY FORWARDS:</b>		
BASE BUDGET-APPROVED IN YEAR	242	ALREADY APPROVED
USE OF EARMARKED RESERVES	342	ALREADY APPROVED
<b>SUB-TOTAL:</b>	<b>(999)</b>	
SERVICE CARRY FORWARD REQUESTS	335	APPROVED BY MANAGEMENT TEAM 18.03.19
<b>NET CONTRIBUTION TO RESERVES:</b>	<b>(664)</b>	
TO VALUATION VOLATILITY RESERVE	263	
<b>NET CONTRIBUTION TO GENERAL FUND BALANCES:</b>	<b>(401)</b>	

The capital out-turn position for 2018/19 remains unchanged at £21.079m, carry forwards of £8.939m were approved April 2019.

Treasury investments returned interest at a 1.57% generating £246k of income.

The Council borrowed £11m from the Public Works Loans Board.

The Annual Treasury Management Report is elsewhere on this agenda.

**Staffing:** None arising as a result of this report.

**Equality and Diversity including Human Rights:** None arising as a result of this report.

**Risk Assessment:** This is a monitoring report only.

**Data Protection Implications:** None arising as a result of this report.

**Climate Related Risks and Opportunities:** This is a monitoring report only.

**Title and Location of any Background Papers used in the preparation of this report:**

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**Call in and Urgency:**

**Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?**

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

No

X

**Key Decision:**

A matter which affects two or more wards, or has significant financial implications

Yes

No

X

## 1. EXECUTIVE SUMMARY

This report provides the oversight of financial performance for;

- Revenue Actual Out-Turn - Surplus £664k (4.3% of Net Revenue Expenditure)
- Capital Forecast Out-Turn - £21.079m (Budget £30.267m)

## 2. FINAL REVENUE BUDGET OUTTURN 2018/19

The final Revenue Budget outturn for 2018/19 is a net contribution to reserves of £664k as detailed in the table below, this is after taking account of £919k of budget carry forwards.

SERVICE CLUSTER	2018/19 Budget £	2018/19 Actual £	2018/19 Variance £
People	5,089,200	4,270,003	(819,197)
Places	1,070,200	1,250,130	179,930
Policy and Resources	4,861,500	4,426,285	(435,215)
<b>Controllable Total</b>	<b>11,020,900</b>	<b>9,946,418</b>	<b>(1,074,482)</b>
<b>Corporate Accounting:</b>			
Interest Receivable	(282,300)	(277,668)	4,632
Interest Payable	371,800	237,755	(134,045)
Investment Income	(570,600)	(669,639)	(99,039)
Precepts and Levies	2,260,749	2,260,715	(34)
<b>Statutory Accounting:</b>			
Capital Expenditure Charged to General Fund	6,024,300	1,053,296	(4,971,004)
<b>Movement in Reserves:</b>			
To / (From) General Fund	(1,479,900)	(495,825)	984,075
Use of Specific Reserves	(6,827,200)	(1,754,531)	5,072,669
Contribution to Specific Reserves	4,900,993	4,032,147	(868,846)
Repayment of Borrowing	32,400	32,679	279
<b>Net Revenue Expenditure</b>	<b>15,451,142</b>	<b>14,365,348</b>	<b>(1,085,794)</b>
Funding Total	(15,451,142)	(15,948,786)	(497,644)
<b>NET SUBSIDY FROM / (CONTRIBUTION) TO RESERVES FOR THE YEAR</b>	<b>0</b>	<b>(1,583,438)</b>	<b>(1,583,438)</b>
Carry Forwards - approved in year			241,700
Carry Forwards - approved at year end			335,100
Carry Forwards - use of Earmarked Reserves			342,400
<b>Net Contribution (To) / From Reserves</b>			<b>(664,238)</b>
(Surplus)-to Valuation Volatility Reserve			263,000
<b>(Surplus)/Deficit-to General Fund</b>			<b>(401,238)</b>

2.1 The significant movements being;

## Headline: £664k Forecast Net Contribution to Reserves

Cluster	EXPENDITURE	Total £000	Direction of Travel
	<b>BUDGET UNDERSPENDS</b>		
	Salary savings.	(£249)	↓
Interest & Investment Income	Net impact of investment property acquisitions, and forecast acquisitions.	(£102)	↑
Interest & Investment Income	Treasury management activities.	(£263)	↔
Policy & Resources	Audit Fees - reduced contract price with current Auditors (£10k). Reduction in amount payable in current year (£15k).	(£25)	↔
	<b>PRESSURES</b>		
People	Fuel - forecast pressure on fuel due to average prices being greater than budgeted.	£19	↔
People	Legal costs settlement.	£19	↔
Places	Leisure - final invoice plus annual retention fee for previous financial year.	£26	↔
Places	Property Services costs - net pressure across all properties (service charges/utilities/NNDR).	£26	↔
Policy & Resources	IT Shared Services - pressure of £43k offset by savings within the service.	£13	↔
	Various forecast outturn variances <£10k	(£26)	↓
		<b>(£562)</b>	

Cluster	INCOME	Total £000	Direction of Travel
<b>BUDGETED INCOME EXCEEDED</b>			
People	Green Waste service income target exceeded.	(£289)	↔
People	Housing Benefits - forecast net subsidy position.	(£28)	↑
Places	Trinity Arts Centre - increased performances, film showing & additional hire.	(£17)	↔
Policy & Resources	Share of Legal Services surplus (£22k) - payable by LCC for previous financial year.	(£22)	↔
Funding	NNDR - additional income renewables and S31 Grant.	(£134)	↑
Funding	LCTS Admin Grant higher than anticipated (£31k), Autumn budget statement-distribution of levy surplus (£46k)	(£94)	↓
<b>BUDGETED INCOME NOT ACHIEVED</b>			
People	Trade Waste income target not due to be achieved - average income per customer below target set for budget.	£31	↔
Places	Rental income lost due to sale of assets and voids.	£52	↔
Places	Car park income - not achieving target based on actuals to date, offset by surplus on car park permits (£6k)	£104	↓
Places	Planning fee income.	£162	↔
Places	Impact of acquisition not expected to be leased out until April 19 - loss of rental income and NNDR.	£133	↔
		(£102)	
<b>TOTAL VARIANCE</b>		<b>(£664)</b>	

2.2 The movement of (£30k) from the net contribution of (£634k) reported to this Committee 11 April 2019 (FIN/1/20) is due to;

- (£38k) NNDR retention
- (£35k) Housing Benefits final subsidy claim
- £19k Reduction in employee cost savings
- £12k other government grants
- £9k Car park income
- £3k various forecast outturn variances <£10k

### 3. ONE PUBLIC ESTATE GRANT

Following the paper to Prosperous Communities on 29<sup>th</sup> Jan 2019 (FIN/204/19) detailing the One Public Estate (OPE) bid submission for project work in relation to the stabilisation of RAF Scampton following the closure announcement in summer 2018. The Authority has been advised that a grant of £100k has been awarded by the OPE. The award of this grant is a positive step towards securing a sustainable future for the existing community and is reflective of the positive working relationship West Lindsey District Council and partners including Lincolnshire County Council and the Defence Infrastructure Organisation, which continues to develop and prosper.



The grant is revenue funding which will be used to commission studies of the base which will include community engagement to establish the needs of the community, opportunities for economic stabilisation through growth and place making. Briefs for this work will be progressed quickly and the development of the projects overseen by the Member led Local Plan, Scampton and Infrastructure Group, of which the first meeting is planned for early June.

High level milestones for the initial project spend detailed below:

Project Milestone Description	Start Date	Expected Completion Date
Procurement of Consultancy for evidence base work to support the requirement of new Local Plan Policy	01/05/19	07/06/19
Procurement of Consultancy for Community Engagement to support Place Making Strategy	20/05/19	07/06/19
Final Consultancy Reports	30/09/19	30/10/19
Finalise evidence for Local Plan Policy	30/10/19	30/11/19

It is anticipated that work on a full Master Plan will begin in 2020, with an estimated completion date of mid-2021 to align with the adoption of the Local Plan.

**Recommendation – to accept the OPE Grant for £100k acting as a joint accountable body with LCC and agree to incur expenditure (detailed above) to be claimed in areas against this grant.**

#### 4. STATUTORY REQUIREMENTS TO PUBLISH;

##### SECTION 137 EXPENDITURE AND BUILDING CONTROL ACCOUNT

We are required to publish the following data on our website as part of Statutory Requirements, annually each year. They are included in this report for information.

- 4.1 Section 137 of the 1972 Local Government Act (as amended) empowers local authorities to make contributions to certain charitable funds AND not for profit bodies providing a public service in the United Kingdom. The maximum amount allowable is £5 per head of population (94,300) which equates to £471,500.

The Council's expenditure in 2018/19 under this power was £440,240 (£463,110 in 2017/18).

- 4.2 The Building Control Regulations 2010 requires authorities to publish a financial statement relating to the building regulations chargeable and non-chargeable account. The following statement shows the deficit for the chargeable and non-chargeable work for the year 2018/19.

	Chargeable 2018/19 £'000's	None Chargeable 2018/19 £'000's	Total 2018/19 £'000's
Expenditure for year	221	144	365
Income for year	(221)	(1)	(222)
<b>(Surplus)/Deficit for year</b>	<b>0</b>	<b>143</b>	<b>143</b>

## 5. FINAL CAPITAL BUDGET OUTTURN 2018/19

### Capital Investment Programme 2018/19

Corporate Priority / Scheme	Actuals 2018/19	Original Budget	Revised Budget 2018/19	Final Outturn	Over/ (Underspend)	Carry Forward Requests/ Drawbacks
	£	£	£	£	£	£
<b>People First</b>						
Disabled Facilities Grants	554,341	555,200	698,172	554,341	0	(143,831)
Independent Living	(2,071)	0	0	(2,071)	(2,071)	0
Telephony	80,440	150,000	107,400	80,440	0	(26,960)
CCTV	22,735	0	50,000	22,735	0	(27,265)
<b>Asset Management</b>						
Capital Enhancements to Council Owned Assets	0	36,000	51,100	0	0	(51,100)
Carbon Efficiency Project	79,714	225,000	85,000	79,714	(5,286)	0
Development Loan	24,026	0	24,026	24,026	0	0
Commercial Investment - Crematorium	2,476,757	2,900,000	2,201,757	2,476,757	0	275,000
Car Park Strategy Investment	460,744	700,000	450,000	460,744	10,744	0
Leisure Facilities - Gainsborough	1,417,923	1,397,500	1,417,000	1,417,923	923	0
Leisure Facilities - Market Rasen	441,041	0	240,200	441,041	0	200,841
Commercial Investment - Property Portfolio	13,494,356	10,000,000	20,509,645	13,494,356	0	(7,015,289)
<b>Central Lincolnshire Local Plan</b>						
Gainsborough Growth Fund	12,144	139,000	195,754	12,144	(183,610)	0
Saxilby Industrial Units	63,000	0	670,000	63,000	0	(607,000)
Unlocking Housing living over the shop	65,000	150,000	130,000	65,000	0	(65,000)
Gainsborough Regeneration		2,450,000	0	0	0	0
Gainsborough Shop Front Improvement Scheme	25,000	45,000	45,000	25,000	0	(20,000)
Viability Funding - Capital Grant	957,342	700,000	1,235,952	957,342	0	(278,610)
Rural Transport	0	0	40,000	0	0	(40,000)
Food Enterprise Zone	0	1,900,000	500,000	0	0	(500,000)
Private Sector Renewal	36,453	500,000	150,000	36,453	0	(113,547)
<b>Excellent, VFM Services</b>						
Vehicle Replacement Programme	565,765	628,000	602,081	565,765	0	(36,316)
Desktop Refresh and experience	29,177	29,000	239,000	29,177	0	(209,823)
Commercial Loans	133,332	0	200,000	133,332	0	(66,668)
IT Infrastructure Refresh and Software	91,613	154,000	105,000	91,613	0	(13,387)
Upgrade Council Chamber Technology	50,311	10,000	50,000	50,311	311	0
<b>Total Capital Programme Gross Expenditure - Stage 3 and BAU</b>	<b>21,079,144</b>	<b>22,668,700</b>	<b>29,997,087</b>	<b>21,079,144</b>	<b>(178,988)</b>	<b>(8,738,955)</b>
<b>Stage 2</b>	<b>0</b>	<b>945,310</b>	<b>120,000</b>	<b>0</b>	<b>(70,000)</b>	<b>(50,000)</b>
<b>Stage 1</b>	<b>0</b>	<b>1,842,560</b>	<b>150,000</b>	<b>0</b>	<b>0</b>	<b>(150,000)</b>
<b>Pre- Stage 1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Capital Programme Gross Expenditure</b>	<b>21,079,144</b>	<b>25,456,570</b>	<b>30,267,087</b>	<b>21,079,144</b>	<b>(248,988)</b>	<b>(8,938,955)</b>

## APPENDIX A

### Revenue Outturn - Subjective Analysis 2018/19

	2018/19 Budget £	2018/19 Actual £	2018/19 Variance £
<b>Expenditure</b>	40,055,189	38,820,308	(1,234,881)
Employees	10,838,800	10,236,971	(601,829)
Premises	945,900	857,207	(88,693)
Transport	886,600	892,069	5,469
Supplies and Services	2,499,750	2,478,207	(21,543)
Third Party Payments	1,531,400	1,388,863	(142,538)
Transfer Payments	20,720,190	20,468,521	(251,669)
Interest Payable	371,800	237,755	(134,045)
Other Operating Expenditure-Parish Precepts	1,909,249	1,909,249	0
Other Operating Expenditure-Drainage Board Levies	351,500	351,466	(34)
<b>Income</b>	(27,254,640)	(27,322,726)	(68,086)
Customer and Client Receipts	(5,858,190)	(5,726,208)	131,982
Government Grants	(20,998,750)	(21,168,840)	(170,090)
Other Grants and Contributions	(115,400)	(150,262)	(34,862)
Interest Receivable	(282,300)	(277,416)	4,884
<b>Transfers To / (From) Reserves</b>	2,650,593	2,867,766	217,173
Transfers To / (From) Reserves	2,650,593	2,867,766	217,173
<b>Grand Total</b>	15,451,142	14,365,348	(1,085,794)
<b>FUNDED BY:</b>			
Business Rate Retention Scheme	(5,916,600)	(6,260,357)	(343,757)
Collection Fund Surplus - Council Tax	(105,010)	(164,958)	(59,948)
Parish Council Tax Requirement	(1,909,249)	(1,909,249)	0
New Homes Bonus	(1,278,400)	(1,278,420)	(20)
Other Government Grants	(184,600)	(278,519)	(93,919)
Council Tax Requirement	(6,057,283)	(6,057,283)	0
<b>Grand Total</b>	(15,451,142)	(15,948,786)	(497,644)
<b>(SURPLUS)/DEFICIT TO GENERAL FUND</b>	0	(1,583,438)	(1,583,438)
Approved Carry Forwards			919,200
Approved (Surplus) to Valuation Volatility Reserve			263,000
<b>(SURPLUS)/DEFICIT TO GENERAL FUND</b>			(401,238)