

APPENDIX B TO ITEM A1

Key Decision Required:	Yes	In the Forward Plan:	Yes
------------------------	-----	----------------------	-----

CABINET
19 JULY 2019

REPORT OF FINANCE AND CORPORATE RESOURCES PORTFOLIO HOLDER

A.4 OUTTURN 2018/19 AND PROPOSED ALLOCATION OF THE GENERAL FUND VARIANCE FOR THE YEAR

(Report prepared by Richard Barrett and the Accountancy Team)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To seek approval of the allocation of the overall 2018/19 General Fund revenue variance.

EXECUTIVE SUMMARY

- The Leader agreed the overall outturn position for 2018/19 on 31 May 2019, with a high level summary of the General Fund revenue position as follows:

Variance for the year before carry forward requests	(£11.395m)
Agreed carry forwards that meet the carry forward criteria	£9.762m
Variance for the year after agreed carry forwards	(£1.633m)
Carry Forward requests from services that did not meet carry forward criteria	£0.790m
Remaining Variance for the year	(£0.843m)

- The variance for the year of **£1.633m** was agreed by the Leader on 31 May 2019 as part of the overall consideration of the outturn position for the year.
- This report therefore presents for consideration the **£0.790m** requested to be carried forward by services and the allocation of the remaining variance for the year of **£0.843m**
- The **£0.790m** that has been requested by services to be carried forward at the end of the year has been subject to further review as the various items do not meet the associated qualifying criteria. As they do not meet this underlying criteria, they are in effect a 'bid' by services to retain a proportion of the overall favourable outturn variance of **£1.633m** before any further allocations are considered.
- As set out in **Appendix A**, of the **£0.790m** requested to be retained by services, it is proposed to agree items totalling **£0.475m**, which leaves a balance of **£0.315m**.
- Although subject to Cabinet's approval, by default the amounts not agreed totalling **£0.315m** have been added to the **£0.843m** general variance for the year, giving a total figure of **£1.158m** against which further allocations need to be considered as part of this report.

APPENDIX B TO ITEM A1

RECOMMENDATION(S)

That Cabinet:

(a) agrees that of the total of £0.790m requested by services, £0.475m can be retained by them via the associated carry forward requests as set out in Appendix A.

(d) approves the allocation of the General Fund Variance for the year of £1.158m as set out in Table 1 of this report.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

Careful planning to ensure financial stability underpins the Council's capacity to deliver against its priorities. Both the capital and revenue budgets of the authority are prepared and monitored with the aim of supporting key objectives. The outturn position reflects this process and supports the successful financial planning process.

FINANCE, OTHER RESOURCES AND RISK

Finance and other resources

The main financial implications are as set out elsewhere in this report.

Risk

There are no direct risks associated with this report although the ability to fund future financial forecasts is recognised as a strategic risk to support the achievement of financial resilience of the Council in both the short and long term.

LEGAL

The Council is legally required to calculate a Council Tax requirement each financial year. Within this framework is the requirement to monitor and report accordingly on the financial position of the authority against this requirement.

As agreed by Full Council on 21 November 2017, the approval of the outturn position each year is delegated to the Finance and Corporate Resources Portfolio Holder with the outturn for 2018/19 being the second year subject to this delegation. As set out in the report to Council on 21 November 2017, any further decisions that may be required following the outturn process, such as allocating money brought forward from the prior year will be reported to Cabinet at a subsequent meeting. In effect the approval of the outturn delegated to the Finance and Resources Portfolio Holder will primarily only place available funding that needs further allocation in reserves until such time as a formal / separate decision is presented to Cabinet. This report therefore seeks Cabinet's approval of the allocation of the overall favourable variance at the end of 2018/19.

The outturn position for 2018/19 and associated actions agreed by the Leader on 31 May 2019 are within the Council's powers and reflect the statutory requirements and responsibilities of the Council in the preparation of its accounts.

OTHER IMPLICATIONS

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.

Although there are no direct equality and diversity issues, the overall Financial Strategy and

APPENDIX B TO ITEM A1

budget process aims to recognise any such issues where appropriate within the Council's wider Financial Framework.

PART 3 – SUPPORTING INFORMATION

BACKGROUND

The Financial Outturn for 2018/19 was agreed by the Leader on 31 May 2019. As part of agreeing that report, carry forward amounts requested by services were split into two categories – those meeting the relevant carry forward criteria and those that did not. The carry forward criteria was set out in detail within the outturn report considered by the Leader on 31 May 2019.

Based on the above approach, carry forwards totalling **£9.762m** were agreed, leaving **£0.790m** requiring further consideration as part of this report, as they did not meet the relevant criteria.

The items totalling **£0.790m**, referred to above and set out in **Appendix A**, are in effect requests by services to retain part of the overall variance for the year before any further allocations are considered.

Following a review of the items set out in **Appendix A**, it is proposed to agree items totalling **£0.475m** with additional explanations set out within the appendix. This leaves **£0.315m** not agreed and therefore this amount has been added to the general fund variance of **£0.843m** at the end of 2018/19. This report therefore considers the allocation of this total variance of **£1.158m**.

PROPOSED ALLOCATION OF OVERALL GENERAL FUND VARIANCE FOR 2018/19

In respect of the overall general fund revenue variance of **£1.158m** highlighted above, it is proposed to allocate this funding in 2019/20 as follows, which takes account of a number of items / issues subsequently identified in early 2019/20 after the outturn report was agreed:

Table 1

Proposed Allocation	Amount	Comments
Cost of Scanning Microfiche	£0.010m	To compliment the £0.025m requested by Planning as set out in Appendix A, this additional contribution will enable the scanning of microfiche held by the authority. This will free up space and support the wider initiatives that form part of the overall office transformation project.
Replacement of Elections Equipment	£0.010m	To renew a number of pieces of equipment that are reaching the end of their useful life and need updating.
Purchase of laptops and tablet computers	£0.035m	This amount has been identified to support the purchase of IT equipment to support the new flexible working arrangements as part of the office / digital transformation projects, which includes replacement equipment for members as necessary.
Flexible Project Capacity	£0.011m	To meet the cost of additional staff capacity to help deliver projects such as the Mayflower 400

APPENDIX B TO ITEM A1

		commemorations.
Investment in Clacton Leisure Centre	£0.525m	Although subject to Cabinet's agreement to the proposals set out within a report earlier on the agenda, it is proposed to set aside this funding pending the agreement of the associated business case.
Contribution to Reserves	£0.567m	It is proposed to temporarily set aside the balance of the overall variance within the general revenue commitments reserve. At this time, it is felt prudent to wait to make a more specific allocation until the updated long term financial forecast has been revised later in the year, as it may be necessary for this sum to be used to support associated work or initiatives.
Total Proposed Allocation	£1.158m	

As highlighted last year and as included in discussions as part of the long term financial forecast over the last year, a primary use of one-off funding should include projects and initiatives that help 'isolate' the on-going revenue account from increased costs and to support projects that deliver against key lines of the long term forecast, which is broadly reflected in the proposed approach set out in the table above.

The Council continues to carefully balance its finances across investing in its priorities and delivering a long term sustainable financial plan. By taking the opportunity to maximise the benefit from the favourable outturn position to support the long term forecast compliments the overall General Fund budget where investment has already been cash backed across a range of priorities.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Appendix A	Requests by Services to retain funding at the end of 2018/19 to apply in 2019/20 via requests to carry forward the associated budgets.
-------------------	---

Requests to Retain 2018/19 Underspends Via Corresponding Carry Forward Request

Revenue

<i>Summary</i>	£
Items Agreed	474,510
Items Not Agreed	315,770
Total	790,280

Detail

Service	Description	Amount Requested £	Comments
Office of Chief Executive			
<i>Chief Executive and Leadership Support and Community</i>	To support Chairman's Charity Event planned for early 2019/20	3,000	Agreed
Total for Office of Chief Executive		3,000	
Corporate Services			
<i>Corporate - General</i>	To support additional training / recruitment costs that compliment on-going base budgets	48,530	Agreed
<i>Finance - Other Corporate Costs</i>	Use of New Burdens funding to enable projects and initiatives to be considered in 2019/20	328,890	£98k agreed to support the rising cost of homelessness that reflects Cabinet's decision on 14 June 2019 as part of considering comments from the Resources and Services Scrutiny Committee. The remaining balance of £230,890 is not agreed as no specific projects currently identified and therefore should be considered as part of the allocation of the overall general fund variance for 2018/19 rather than a standalone amount.
<i>Finance - Other Corporate Costs</i>	Corporate Agency Staff budget	29,550	Not agreed. Where agency staff are being used in 2019/20, the costs will be met from existing employee budgets. Therefore there is no requirement to retain this corporate provision in 2019/20.
<i>IT and Corporate Resilience</i>	To support various projects that compliment the on-going office and digital transformation projects along with training for staff	119,140	Agreed

APPENDIX B TO ITEM A1

Service	Description	Amount Requested £	Comments
<i>IT and Corporate Resilience</i>	To meet the cost of ongoing licence cost increases.	20,830	Not agreed - this is an ongoing cost that needs to be considered as part of the overall digital transformation project and long term financial forecast to provide a sustainable long term solution.
<i>Democratic Services</i>	To support projects and activities associated with the digitalisation of electoral services.	11,430	Agreed
Total for Corporate Services		558,370	
Operational Services			
<i>Public Realm</i>	To undertake Naze Road Improvement Works - Second Phase	25,000	Agreed
<i>Housing and Environmental Health</i>	To support pre-grant loan advice for elderly and vulnerable residents	13,270	Agreed
<i>Building and Engineering</i>	Use of Additional Street Naming and Numbering income to support Street Lighting upgrade costs	19,290	Agreed
<i>Building and Engineering</i>	To meet potential consultancy costs associated with Waste Collection Contract Extension	34,500	Not Agreed - Money has already been carried forward as part of the outturn report agreed by the Leader, which should provide sufficient funding to support the roll out of the new service.
Total for Operational Services		92,060	
Planning and Regeneration			
<i>Planning and Customer Services</i>	To compliment on-going training budgets such as those associated with university fees as part of the 'grow your own' initiatives relating to Planning Officers	98,190	Agreed
<i>Planning and Development</i>	To support the scanning of microfiche as part of the wider office transformation project	25,000	Agreed
<i>Regeneration</i>	To support the Junior Ambassador Project due to commence in 2019/20	13,660	Agreed
Total for Planning and Regeneration		136,850	
		790,280	