

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

24 JULY 2020

REPORT OF CORPORATE FINANCE AND GOVERNANCE PORTFOLIO HOLDER

A.6 OUTTURN 2019/20 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 2019/20 General Fund revenue variance.

EXECUTIVE SUMMARY

- The Portfolio Holder for Corporate Finance and Governance agreed the overall outturn position for 2019/20 on 17 July 2020, with a high level summary of the General Fund revenue position as follows:

Variance for the year before carry forward requests	(£11.038m)
Less agreed carry forwards that meet the carry forward criteria	£9.518m
Variance for the year after agreed carry forwards	(£1.520m)
Carry Forward requests from services that did not meet carry forward criteria	£0.658m
Remaining Variance for the year	(£0.862m)

- The variance for the year of **£0.862m** was agreed by the Portfolio Holder for Corporate Finance and Governance on 17 July 2020 as part of the overall consideration of the outturn position for the year.
- This report therefore presents for consideration the **£0.658m** requested to be carried forward by services and the allocation of the remaining variance for the year of **£0.862m**
- The **£0.658m** 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 **£1.520m** before any further allocations are considered. The various items are set out in **Appendix A** and it is proposed to agree all of the items.

RECOMMENDATION(S)

That Cabinet:

- (a) Agrees that the total of **£0.658m** requested by services can be retained by them via the associated carry forward requests as set out in **Appendix A**; and
- (b) approves the allocation of the **General Fund Variance for the year of £0.862m** 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.

The approval of the outturn position each year is delegated to the Corporate Finance and Governance Portfolio Holder. 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 Corporate Finance and Governance 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.

The outturn position for 2019/20 and associated actions agreed by the Portfolio Holder for Corporate Finance and Governance on 17 July 2020 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 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 2019/20 was agreed by the Portfolio Holder for Corporate Finance and Governance on 17 July 2020. 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 Portfolio Holder for Corporate Finance and Governance on 17 July 2020.

Based on the above approach, carry forwards totalling **£9.518m** were agreed, leaving **£0.658m** requiring further consideration as part of this report, as they did not meet the relevant criteria.

The items totalling **£0.658m**, 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 these items, it is proposed to agree all of them.

As all of the items above have been agreed to be carried forward, the general overall variance for the year of **£0.862m** remains to be allocated, with proposals set out in the next section of the report.

PROPOSED ALLOCATION OF OVERALL GENERAL FUND VARIANCE FOR 2019/20

In respect of the overall general fund revenue variance of **£0.862m** highlighted above, it is proposed to allocate this funding in 2020/21 as follows:

Table 1

Proposed Allocation	Amount	Comments
'Back to Business' Initiatives and associated activities	£0.862m	<p>It is proposed to allocate the full uncommitted General Fund variance to this major initiative and associated regeneration and economic activities.</p> <p>As elsewhere in the country, the Tendring district has been hit hard by the COVID19 crisis. Therefore it is important that this Council establishes a clear focus and determination in supporting the district and the economy to not only recover as quickly as possible but to also strengthen and embed a level of resilience that will undoubtedly be required going forward. This approach will provide a solid foundation along with complimenting all of the Council's overall prioritised and strategic objectives.</p> <p>As already discussed by members, there should be no constraints to the range of projects and initiatives that are put forward for consideration to support the whole district or perhaps more locally at ward level.</p> <p>In agreeing the carry forwards of £0.658m set out earlier on in this report, along with other existing projects and actions, there will be an overlap with direct back to business activities going forward to make this initiative a success.</p> <p>In terms of this success, it is also acknowledged that local businesses must have a strong influence in terms of how the Council can help and support them through what has been and will continue to be a very challenging time for them and our residents.</p> <p>The 'Back to Business' initiative will continue to be developed over the coming weeks and further reports will be presented to members in late summer / early autumn.</p>

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 back to business approach and other supporting or complimentary initiatives will in the longer term support the delivery of the long term forecast.

BACKGROUND PAPERS FOR THE DECISION

None

APPENDICES

Appendix A

Requests by Services to retain funding at the end of 2019/20 to apply in 2020/21 via requests to carry forward the associated budgets.

Requests to Allocate 2019/20 Underspend

Revenue

Service	Description	Requested C/fwd Amount (£)	Comments
ITEMS NOT MEETING CARRYFORWARD CRITERIA			
Corporate Services			
<i>Deputy Chief Executive and Administration</i>	Deputy Chief Executive and Administration Service Unit	5,170	Training and other associated expenditure
<i>Finance - Other Corporate Costs</i>	New Burdens and non ring-fenced grant income received in 2019/20	289,060	Supporting projects and initiatives in 2020/21
<i>People, Performance and Projects</i>	Personnel and Human Resources Issues	73,150	Training and other HR related expenditure
Total for Corporate Services		367,380	
Operational Services			
<i>Public Realm</i>	Transport	9,880	To respond to the timing of expenditure associated with vehicle hire
<i>Public Realm</i>	Car Parks - Off St	53,010	Use of surplus and underspent budgets
<i>Customer and Commercial Services</i>	Print and Post Hub Service Unit	11,500	To support the cost of Neopost software in 2020/21
<i>Customer and Commercial Services</i>	CCTV	2,480	Unspent balance from previous CCTV projects
<i>Building and Engineering</i>	Office Accommodation Expenses	20,000	To support the ongoing office transformation project

Service	Description	Requested C/fwd Amount (£)	Comments
<i>Building and Engineering</i>	Highways TDC - General	35,570	Use of over-achieved street naming and numbering income to support street lighting upgrade costs in 2020/21
<i>Building and Engineering</i>	Garden Waste Collection Service	28,780	Use of 2019/20 surplus to support improvements to service delivery in future years
Total for Operational Services		161,220	
Planning and Regeneration			
<i>Planning and Customer Services</i>	Planning Service Unit	129,000	To support the grow your own initiative within the planning service
Total for Planning and Regeneration		129,000	
TOTAL GF REVENUE NOT MEETING CARRYFORWARD CRITERIA		657,600	