

REPORT TO: CABINET

DATE: 18 JULY 2019

TITLE: YEAR END 2018/19 JOINT FINANCE AND PERFORMANCE REPORT

PORTFOLIO HOLDER: COUNCILLOR MARK INGALL, LEADER OF THE COUNCIL

LEAD OFFICER: BRIAN KEANE, MANAGING DIRECTOR
(01279) 446000

CONTRIBUTING OFFICERS: POLICY AND PERFORMANCE TEAM
(01279) 446252

SENIOR MANAGEMENT BOARD (01279) 446004

This is not a Key Decision

It is on the Forward Plan as Decision Number I010135

The decision is not subject to Call-in Procedures for the following reason:

The recommendations are within the scope of the original budget and Corporate Plan approved by Full Council in February 2018.

This decision will affect no ward specifically.

RECOMMENDED that Cabinet:

- A** Acknowledges the outturn position set out in section three of Appendix A to this report for the year ending 31 March 2019, subject to recommendations in paragraphs 16 and 19:
- i) Underspending on controllable service budgets of £124,000 or 0.21 per cent of the General Fund budget and a net overspend of £14,300 or 0.02 per cent subject to recommendation Ci).
 - ii) Total General Fund underspending, after taking into account windfall income, non-controllable items and transfers to reserves, of £1.866 million or 3.09 per cent of the General Fund budget.
 - iii) A General Fund balance of £4.488 million after adjusting for the recommended transfers to reserves and carry forward requests set out in this report.
- B** Recognises the operational performance that has been achieved in 2018-19 across all Council services.
- C** Approves:

- i) The carrying forward of £138,300 of budgets from 2018/19 to 2019/20 as set out in paragraph 15 of the report.
- ii) The transfer to reserves of £4,224,399 as set out in paragraph 16 of the report.

REASON FOR DECISION

- A** To ensure that Cabinet reviews performance against the Council's approved General Fund Budget and Corporate Plan for 2018/19.
- B** To seek approval for the recommendations set out in the report in relation to transfer to reserves (paragraphs 16 to 19 of the report) and carrying forward underspends to ensure that the resources remain to provide services or carry out works in 2019/20 (paragraph 15 of the report).

BACKGROUND

1. This report sets out the Council's corporate priorities and financial and performance position as at the end of the 2018/19 financial year. The report concludes the formal budget reporting process for the 2018/19 financial year and seeks approval for budget carry forwards across some service areas.
2. The closure of the Council's 2018/19 accounts was completed by 31 May. The draft Statement of Accounts (i.e. subject to audit) has been published on the Council's website since that date and has been available for public inspection between 3 June and 12 July inclusive. The closure of the accounts enables the final contribution to the General Fund Reserve to be calculated representing the variance between the approved budget and the actual income received and expenditure incurred delivering Council services during the year.
3. Careful management of service budgets has once again ensured any in-year pressures that have arisen have been effectively managed within the overall service budgets wherever possible.

ISSUES/PROPOSALS

4. A review of the 2018/19 financial year indicates that service controllable budgets have underspent by £124,000 or 0.21 per cent. After adjusting for the requested budget carry-forward items detailed in this report (totalling £138,300), there is an overspend of £14,300 or 0.02 per cent of the General Fund budget. The previous estimated position, based on December 2018 forecasts and reported to the March Cabinet meeting, was an overspend of £20,000 or 0.03 per cent.
5. Taking into account the impact of windfall income, non-controllable items and proposed transfers to reserves there was an underspending of £1.866 million or 3.09 per cent.

6. Section four of Appendix A to this report summarises major budget variations across all service areas and non-controllable budgets.

7. The following table summarises the year-end financial position:

Table 1 – Year-end Financial Position

	£
Total Service Variations	-124,000
Windfall and non-controllable variations and reserve movements	-1,742,000
Total General Fund outturn 2018/19	-1,866,000

8. As in previous years, budgets have been carefully managed across all services to guard against expenditure pressures and offset income reductions.

9. Significant variations have been reported to Cabinet during the year. Key areas that have contributed to the reported outturn position include:

- a) Additional income from business rates of £3.4 million;
- b) Additional Government grant in respect of business rates reliefs of £0.9 million;
- c) Settlement amount following the winding up of the joint venture and HTS service rebate income - £0.5 million;
- d) Additional interest earned of £0.2 million;
- e) Reduced cost of the national housing benefit scheme of £0.5 million;
and
- f) Additional transfers to earmarked reserves of £6 million.

General Fund Balance

10. The position on the General Fund balance is:

Table 2 – General Fund Balance

	£ millions
General Fund opening Balance 1 Apr 2018	6.735
Previously agreed Transfers to/ from earmarked reserves (Cabinet July 2018)	-2.413
Effective GF Closing Balance 31 March 2018	4.322
Total in-year service budget variations (favourable)	0.124
Net non-service variations	1.880
2018/19 budget Carry Forward Requests	-0.138
General Fund closing Balance 31 March 2019	6.188

Harlow Town Improvements (incl Parking)	-1.300
Regeneration and Enterprise Reserve	-0.400
Other one off funding requirements 2019/20 (Museum)	-0.100
Final General Fund Closing Balance 31/3/19	4.388

11. After adjusting for proposals previously approved by the Council, the balance will move from an opening position of £6.735 million to £6.188 million at the year-end (as shown in the Council's draft Statement of Accounts).
12. Subject to the proposals set out within this report being approved the final General Fund Balance will stand at £4.488 Million as shown in table 2 of this report.
13. As part of the 2019/20 budget setting process and as approved in the Medium Term Financial Strategy (MTFS), the minimum level for the General Fund Reserve balance over the life of the current MTFS is £2.5 million.
14. This level was set to ensure that the Council has adequate reserves given the financial uncertainty resulting from the Government's welfare reform, the Local Government Resource Review proposals and the impact of the on-going economic conditions in the medium term. Subject to Cabinet decision, the forecast level for 2019/20 will be £1.888 million above the minimum recommended balance.

Carry Forwards Affecting the General Fund Balance

15. Cabinet is requested to approve the carry forward of 2018/19 budgets of £138,300. These have been reviewed by SMB and are detailed in Appendix B to this report. No funding is currently provided within the 2019/20 budget for the items identified and if the carry forwards are not approved it is unlikely that the work/ projects will be carried out.

Transfer to Reserves

16. Cabinet already approved a number of transfers to reserves utilising the 2017/18 underspend including £1 million for planned investment in Harlow's environment, £0.5 million for the Harlow and Gilston Garden Town Funding Reserve and £0.75 million to support the paddling pools/splash park initiative. It is recommended that the net movement in reserves for 2018/19 of £4,224,399 as set out in Appendix C attached is agreed.
17. Given the success of the environmental improvements carried out across Harlow during 2018/19 from the £1 million previously approved, a further £1.3 million will be allocated for use in the 2019/20 financial year subject to Cabinet approval. This funding will help to deliver further improvements across the town with parking improvements a key priority. The funding will also be used to support initiatives such as Harlow in Bloom, improved signage aligned with the towns sculpture collection and the costs of the rededication of the towns memorials. All proposals are one off in nature and align with the Councils reserves policy. The

funding will also support a further Harlow Spring Clean community initiative which proved to be such a success in 2018/19.

18. It is proposed that, as the Area Action Plan for the town centre is progressing well an additional £400,000 is contributed to the Regeneration Reserve to allow works associated with the next stages of the development of the plan to be undertaken including increasing resources to assist in the delivery of key areas of work during 2019/20 and 2020/21.
19. Funding has been earmarked for the Museum now that it is being run as a direct council service and any ongoing funding requirements will be dealt with as part of the 2020/21 budget setting process.

Summary of Quarter Four Operational Performance – 2018/19

20. Section four of Appendix A details the Council's operational performance. The Council performed on or above target for 53 out of 53 (100 per cent) of its quarterly and annual performance indicators.
21. Sixty-two per cent of the indicators have been maintained or improved compared to Quarter Four 2017/18. Ninety-four per cent of the Corporate milestones were successfully completed and the remaining six per cent of the milestones were deferred due to changing priorities or the due dates will take place in the new financial year (2019/20).
22. The Council continues to improve performance in key areas linked to its Corporate Priorities. Some of the performance indicators that have contributed to this achievement are:
 - a) CS25Q: Percentage of Customer Complaints responded to within target time;
 - b) NI156: Number of households living in Temporary Accommodations;
 - c) HTS 2.26 (a & b): Abandon vehicles investigated and removed with 24 hours;
 - d) HTS 2.4: Average time (in hours) to remove fly tips.; and
 - e) HTS 3.39: Customers Satisfaction with Grounds Maintenance Service.

IMPLICATIONS

Place (Includes Sustainability)

As contained within the report.

Author: Andrew Bramidge, Project Director – Enterprise Zone and Interim Head of Planning

Finance (Includes ICT)

As contained within the report.

Author: Simon Freeman, Head of Finance and Deputy to the Managing Director

Housing

As contained within the report.

Author: Andrew Murray, Head of Housing

Community Wellbeing (Includes Equalities and Social Inclusion)

As contained within the report.

Author: Jane Greer, Head of Community Wellbeing

Governance (Includes HR)

As contained within the report.

Author: Simon Hill, Head of Governance

Appendices

Appendix A – Joint Finance and Performance Report, Year End 2018/19

Appendix B – Carry Forward Requests 2018/19

Appendix C – Proposed End of Year General Fund Earmarked Reserves Movements

Background Papers

None.

Glossary of terms/abbreviations used

MTFS – Medium Term Financial Strategy