

Report to Council

**Agenda
Item:**

16(i)

Meeting Date: 16th July 2019
Portfolio: Finance, Governance and Resources
Key Decision: Yes:
Within Policy and Budget Framework YES
Public / Private Public

Title: PROVISIONAL GENERAL FUND REVENUE OUTTURN 2018/19
– CARRY FORWARDS
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD 13/19 (amended)

Purpose / Summary: This report summarises the 2018/19 provisional outturn for the General Fund Revenue budgets and requests for the carry forward of budgets. The provisional outturn position was considered by the Executive on 29 May and 17 June and Business and Transformation Scrutiny Panel on 30 May.

Recommendations:

Council is asked to:

- (i) Approve the carry forward requests totalling £406,700 to be incurred in 2019/20 and the release of £406,700 in 2019/20 from the General Fund Reserve as set out in the report;
- (ii) Approve the creation of new reserves and transfers into and from the new and existing reserves of £206,275, in addition to the transfer from the building control reserve of £32,637, as detailed in paragraphs 3.2, 3.3 and 3.4 and Appendix 2 of the report; and
- (iii) Approve the revised delegations for the release of the Building Control Reserve.

Tracking

Executive:	RD01/19 & RD13/19 29 May 2019 and 17 June 2019
Overview and Scrutiny:	BTSP 30 May 2019
Audit Committee:	8 July 2019
Council:	16 July 2019

1. BACKGROUND

1.1 This report provides details of the 2018/19 provisional outturn for the General Fund Revenue budgets and the proposed carry forward requests into 2019/20 as set out in the Council's Provisional General Fund Outturn considered by the Executive and Business & Transformation Scrutiny Panel.

1.2 The provisional outturn position is summarised below:

Directorate / Appendix	Original Budget £	Net Updated Budget £	Net Spend to Date £	Variance £	Carry Forwards £	Reserves £	Adjusted Variance £
Community Services	7,603,800	9,357,900	9,626,387	268,487	61,700	25,123	355,310
Corporate Support	2,889,700	1,472,000	1,375,684	(96,316)	10,000	0	(86,316)
Economic Development	889,100	1,808,900	1,786,269	(22,631)	34,800	38,687	50,856
Finance & Resources	2,592,500	1,115,300	839,403	(275,897)	6,300	54,100	(215,497)
Governance & Regulatory Services	254,900	880,800	848,620	(32,180)	43,600	88,365	99,785
Corporate Management	(1,603,000)	408,800	(197,273)	(606,073)	250,300	0	(355,773)
Service Expenditure	12,627,000	15,043,700	14,279,090	(764,610)	406,700	206,275	(151,635)
Transformation & Base Budget Savings	(1,242,000)	(837,100)	0	837,100	0	0	837,100
Service Expenditure	11,385,000	14,206,600	14,279,090	72,490	406,700	206,275	685,465
Parish Precepts	613,100	613,100	613,051	(49)	0	0	(49)
Total	11,998,100	14,819,700	14,892,141	72,441	406,700	206,275	685,416
Transfers to/(from) Reserves							
Car Park Improvement Reserve	0	(106,600)	(106,600)	0	0	0	0
Building Control Reserve	0	(32,300)	(64,937)	(32,637)	0	0	(32,637)
City Centre Reserve	0	(32,800)	(32,800)	0	0	0	0
Cremator Replacement Reserve	0	113,500	113,507	7	0	0	7
Carry Forward Reserve	(235,000)	(415,100)	(415,100)	0	0	0	0
Promoting Carlisle Reserve	0	(10,000)	(10,000)	0	0	0	0
Revenue Grants Reserve	0	(918,800)	(918,933)	(133)	0	0	(133)
General Fund Reserve	817,800	(543,000)	(448,930)	94,070	(406,700)	(206,275)	(518,905)
Planning Services Reserve	0	121,600	121,600	0	0	0	0
Prosecution Fund	0	(15,300)	(15,300)	0	0	0	0
Total Transfer to/(from) Reserves	582,800	(1,838,800)	(1,777,493)	61,307	(406,700)	(206,275)	(551,668)
Financed by:							
Precept from Collection Fund	(7,600,700)	(7,600,700)	(7,600,643)	57	0	0	57
Business Rate Retention	(4,531,700)	(4,931,700)	(5,065,464)	(133,764)	0	0	(133,764)
Revenue Support Grant	(448,500)	(448,500)	(448,541)	(41)	0	0	(41)
Total Grants	(12,580,900)	(12,980,900)	(13,114,648)	(133,748)	0	0	(133,748)
Total	(11,998,100)	(14,819,700)	(14,892,141)	(72,441)	(406,700)	(206,275)	(685,416)

2. CARRY FORWARD REQUESTS

2.1 In accordance with the Council's Constitution, any net underspending/savings on service estimates under the control of the Director may be carried forward. This is to facilitate the achievement of more strategic five-year budgeting which requires greater flexibility of budgets between years as set out in the Medium-Term Financial Plan. Approval of carry forwards is subject to the following as contained in the Council's Constitution:

- *the authorisation of the Corporate Director of Finance and Resources where the request relates to a specific committed item of expenditure where, due to external or other factors, the Director has been unable to spend the approved budget by 31 March. The use of the resource will be restricted to the purpose for which the estimate was originally intended. The carry forward will only be approved by the Corporate Director of Finance and Resources if the expenditure is within both the Directorate's and the Authority's budget as approved for that year. Any carry forward which would result in an over-spend for the Authority will require authorisation by the Council.*
- *any overspending on service estimates in total on budgets under the control of the Director must be carried forward to the following year and will constitute the first call on service budgets in the following year, unless the Council determines otherwise by way of a supplementary estimate. The Corporate Director of Finance and Resources will report the extent of overspending carried forward to the Executive, Business and Transformation Scrutiny Panel and to the Council.*

This delegated power applies only in so far as the carry forwards do not take the Council into an overspend position.

2.2 Details of the carry forward requests, which itemise committed expenditure, are contained within **Appendix 1**.

2.3 The Executive at its meeting on 17 June, approved the carry forward requests totalling £406,700, for recommendation to Council, funded from the General Fund Reserve.

3. IMPACT ON RESERVES

3.1 The level of Council reserves was approved by Council in February. As a result of the outturn position, and if all of the carry forward requests and transfers to/from earmarked reserves are approved, the revised reserves position would be as follows:

	31/03/2019 £'000s	31/03/2020 £'000s	31/03/2021 £'000s	31/03/2022 £'000s	31/03/2023 £'000s	31/03/2024 £'000s
Prudent Level of Reserves	(3,300)	(3,300)	(3,300)	(3,300)	(3,300)	(3,300)
Council Resolution General Fund Reserve	(4,867)	(4,354)	(3,327)	(3,655)	(3,861)	(4,248)
Overspend position to be taken from Reserves	72	0	0	0	0	0
Additional Funding from Business Rates	(134)					
Additional Use of Carry Forward Reserve	125					
Transfer (from)/to earmarked reserves & provisions: ⁽¹⁾						
- see paragraph 3.2	206					
- see paragraph 3.4	(33)					
Committed Carry Forwards	0	407	0	0	0	0
Revised Reserves Balance	(4,631)	(3,711)	(2,684)	(3,012)	(3,218)	(3,605)

Note 1: Transfers to/(from) earmarked reserves subject to approval

The Council's policy on reserves is that wherever possible reserves should not be used to fund recurring expenditure, nor dip below minimum recommended levels; however, in situations where this does occur, this should be made explicit and steps take to replenish reserves and to address the situation in future years.

- 3.2 Details of transfers into and from new/existing reserves and provisions requested as part of the outturn process are contained within **Appendix 2** and are summarised below.

	Net Approval Requested £
Apprentice Infrastructure (new)	54,100
Prosecution Reserve	10,000
Revenue Grants Reserve	142,175
Total Additional Transfers to Reserves	206,275

- 3.3 The creation of the Apprentice Infrastructure Reserve is to hold allocated budgets for Apprentice posts that is committed but will not be required until future years.
- 3.4 In accordance with statutory requirements any surplus generated by the Building Control function is required to be held as an identified earmarked reserve and can only be utilised for Building Control. In 2018/19 the required amount to be transferred from the Building Control Reserve is £32,637. This is in addition to £32,300 released during 2018/19 to fund eligible costs.

- 3.5 It is recommended that the delegations for the release of this reserve are amended to allow the Corporate Director of Economic Development to authorise release of the reserve through an Officer Decision Notice. The reserve is ring-fenced by statute to support improvements to the Building Control Service and is not available for general use by the Council and any release will be in line with this condition.

4. RISKS

- 4.1 Risks to future years' budget and development of ongoing impact of issues identified will be monitored carefully in budget monitoring reports and appropriate action taken.

5. CONSULTATION

- 5.1 Consultation to date.
Portfolio Holders, SMT and the Business and Transformation Scrutiny Panel have considered the issues raised in this report.

6. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 6.1 Council is asked to:
- (i) Approve the carry forward requests totalling £406,700 to be incurred in 2019/20 and the release of £406,700 in 2019/20 from the General Fund Reserve as set out in the report;
 - (ii) Approve the creation of new reserves and transfers into and from the new and existing reserves of £206,275, in addition to the transfer from the building control reserve of £32,637, as detailed in paragraphs 3.2, 3.3 and 3.4 and Appendix 2 of the report; and
 - (iii) Approve the revised delegations for the release of the Building Control Reserve.

7. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 7.1 The Council's budget is set in accordance with the priorities of the Carlisle Plan and the 2018/19 outturn shows the delivery of these priorities within budget.

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Appendices
attached to report:

- 1. Carry Forward Requests**
- 2. Reserve Requests**

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS:

LEGAL – The Council has a fiduciary duty to manage its finances properly and the proper reporting of the outturn figures is part of this process. Approval of full Council is required for the use of revenue reserves to fund expenditure commitments as set out in the report.

FINANCE – Financial implications are contained within the main body of the report.

EQUALITY – This report raises no explicit issues relating to the public sector Equality Duty.

INFORMATION GOVERNANCE – There are no information governance implications.

Appendix 1 – Carry Forward Requests

Directorate/Section	Description	Requests into			Total
		2019/20 £	2020/21 £	2021/22 £	
<u>Corporate Support</u>					
ICT	For the provision of new card payment devices and associated software to enable point-to-point encryption which is crucial to ensuring the Council can comply with the Payment Card Industry Data Security Standard. The Council may be liable for non-compliance fines if it does not work towards compliance with our acquirer and ultimately our acquirer may be forced to terminate our relationship, which will prevent us from accepting payments by card. The supplier of the P2PE solution suffered a delay in the approval of the software by the PCI Security Standards Council. In turn, this delayed the project to implement the solution. The project is now due for completion in September 2019.	10,000			10,000
		10,000	0	0	10,000
<u>Finance and Resources</u>					
Internal Audit	To provide dedicated support of a specialist IT auditor to undertake a risk assessment of where IT audit work should be undertaken in future. This piece of work was completed in April 2019. The work could be funded from base budgets in 2019/20 however no further IT audit work would be able to be undertaken until the 2020/21 financial year.	6,300			6,300
		6,300	0	0	6,300
<u>Corporate Management</u>					
Direct Revenue Financing	Budgets allocated to fund capital programme where expenditure has slipped into 2019/20 and resources are required to be carried forward. <ul style="list-style-type: none"> £94,000 Council contribution for the now withdrawn Bitts Park Tennis Facilities scheme that is now planned to be utilised on the reinstatement of Bitts Park Lodge; £150,000 was allocated for a property purchase that has now completed at the end of May 2019; £6,300 relates to the provision of green gyms at Yewdale 	250,300			250,300
		250,300	0	0	250,300
<u>Community Services</u>					
Policy & Communications	Two-year fixed term Apprentice appointed (OSA044-18/19), part funded from Apprentice Infrastructure Fund and part from own budgets.	11,800			11,800
Neighbourhood Services	To ensure continuation of the apprentice scheme for approved posts in Neighbourhood Services. Funding was identified within Neighbourhood services budgets for 3 apprentices to match the funding available from the Apprenticeship Levy. The posts supported are an Apprentice Mechanic	47,900			47,900

Directorate/Section	Description	Requests into			Total
		2019/20 £	2020/21 £	2021/22 £	
Small Scale Community Projects	(Started 2018), Business Admin Apprentices (x2) (Started May and June 2019) Agreed contribution from 2018/19 allocation to Cowans Sheldon Art Project which is due to be paid across in 2019/20.	2,000			2,000
		61,700	0	0	61,700
<u>Economic Development</u>					
Community Infrastructure Levy	Project was unable to progress during 2018/19 as anticipated. Further certainty from Government will now allow project to proceed and establish mechanism (CIL) for the recovery of contributions to infrastructure from developers. Such contributions are essential to ensure infrastructure including for example local school places can keep pace with demand arising from much needed housing growth. The money is now committed having appointed Aspinall Verdi as external specialists to lead on undertaking the first phase of the work. There is no alternative budget which could be relied upon to fund the now committed work with the level arguably beyond what could reasonably be generated from savings in the Local Plans base revenue budget. Consequently, a failure to carry forward the previously allocated budget would result in a financial pressure.	34,800			34,800
		34,800	0	0	34,800
<u>Governance & Regulatory</u>					
Homelessness Prevention Funding	Ringfenced monies that are to support Homeless Prevention Services in line with legislative/strategic requirements and objectives. The funding will be used flexibly in utilising our specialist support staff more effectively across the services to assist in community prevention initiatives, and service developments	28,600			28,600
Electoral Registration	Income received to cover the additional costs of Individual Electoral Registration (EIR) however it is anticipated that it will instead be required in 2019/20.	15,000			15,000
		43,600	0	0	43,600
Total General Fund Carry Forward Requests		406,700	0	0	406,700

Appendix 2 – Reserve requests

Reserve/Provision	Purpose	Management of the Reserve	Approval to Release Funds	2019/20 In to Reserve £	2019/20 From Reserve £	Total £
<u>NEW</u> Apprentice Infrastructure	To establish a reserve for the committed balances from the annual Apprentice Infrastructure budget that will be required in future years of the employment contracts.	Management of the Reserve Rests with the Corporate Director of Finance and Resources	Approval to release funds from the reserve only be given by the Corporate Director of Finance and Resources in consultation with the relevant Chief Officer.	54,100		54,100
<u>EXISTING</u> Prosecution Fund	For future anticipated Barrister & Legal fees.	Management of the Reserve rest with the Corporate Director of Governance & Regulatory Services	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Corporate Director of Governance & Regulatory Services in consultation with the Chief Executive, Portfolio Holder & Corporate Director of Finance and Resources.	10,000		10,000
Revenue Grants Reserve	A reserve to hold revenue grant funds received by the Council which have not yet been utilised.	Management of the Reserve rests with the Corporate Director of Finance and Resources	Approval to release funds from the reserve only be given by the Corporate Director of Finance and Resources in consultation with the relevant Chief Officer.			142,175
Community Services	Health and Wellbeing: Grazing Land Management			15,774		
Community Services	Health and Wellbeing: Parks Improvement Funding			16,995		
Community Services	Health and Wellbeing: Art Centre				(19,000)	
Community Services	Health and Wellbeing: Woodland Grants				(4,800)	

Reserve/Provision	Purpose	Management of the Reserve	Approval to Release Funds	2019/20 In to Reserve £	2019/20 From Reserve £	Total £
Community Services	Neighbourhood Services: High Street Community Clean Up			5,854		
Community Services	Partnerships: Doorstep Walks			200		
Community Services	Partnerships: Food City			500		
Community Services	Partnerships: Food Coordinator			1,500		
Community Services	Partnerships: Sugar Smart			8,100		
Governance & Regulatory	Property Services: Land Lettings				(65,559)	
Governance & Regulatory	Regulatory Services: Rogue Landlords			33,856		
Governance & Regulatory	Regulatory Services: Gas Safe 2018/19			6,033		
Governance & Regulatory	Homeless Prevention and Accommodation: Flexible Homelessness Support & Prevention Grant			78,185		
Governance & Regulatory	Homeless Prevention and Accommodation: New Burdens			16,745		
Governance & Regulatory	Homeless Prevention and Accommodation: Homeless Prevention Top Up			4,000		
Governance & Regulatory	Homeless Prevention and Accommodation: Flexible Homelessness Support top up			1,000		
Governance & Regulatory	Homeless Prevention and Accommodation: New Burdens top up			3,631		
Governance & Regulatory	Homeless Prevention and Accommodation: Preventing Homelessness			474		
Economic Development	Investment & Policy: Brownfield Register Burden Funding			3,687		
Economic Development	Investment & Policy: Self/Custom Build Assistance Grant Year 3			30,000		
Economic Development	Investment & Policy: Wetheral Neighbourhood Planning Stage 1			5,000		
	TOTAL RESERVE REQUESTS			295,634	(89,359)	206,275
	TOTAL REQUESTS FOR RESERVES			295,634	(89,359)	206,275

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 29 MAY 2019

EX.36/19 PROVISIONAL GENERAL FUND REVENUE OUTTURN 2018/19
(Key Decision – KD.05/19)

Portfolio Finance, Governance and Resources

Relevant Scrutiny Panel Business and Transformation

Subject Matter

The Deputy Leader, and Finance, Governance and Resources Portfolio Holder submitted report RD.01/19 summarising the provisional outturn for the 2018/19 General Fund Revenue Budget and giving reasons for variances. The outturn position showed a net overspend of £18,685 for Council Services as at 31 March 2019, which would require an additional use of General Fund reserves of £41,000 (as set out in paragraph 5.3).

Requests had been made to carry forward committed expenditure of £406,700, net transfers to/from reserves of £206,275 and transfer from the building control reserve of £32,637 which, if approved, would result in an overall net position of £631,660 on Council Services; however additional funding from Business Rates income of £558,000 had also been realised.

Paragraph 5.2 set out a recommendation that the delegations for the release of the Building Control Reserve be amended to allow the Corporate Director of Economic Development to authorise release of the reserve through an Officer Decision Notice. The reserve was ring-fenced by statute to support improvements to the Building Control Service and was not available for general use by the Council and any release would be in line with that condition.

The information contained within the report was provisional, subject to the formal audit process. The Draft Statement of Accounts for 2018/19 would be presented to the Audit Committee on 8 July 2019, with final approval of the audited accounts on 30 July 2019.

Information on the Council's bad debt provision and balance sheet was also provided at Sections 6 and 7 of the report.

The Deputy Leader commented upon the substantial nature of the variances and carry forward requests.

In conclusion, the Deputy Leader, and Finance, Governance and Resources Portfolio Holder recommended that the Business and Transformation Scrutiny Panel be requested to scrutinise the carry forward requests alluded to, prior to the Executive taking a decision on approval thereof for recommendation to Council.

The Environment and Transport Portfolio Holder seconded the recommendation.

Summary of options rejected None

DECISION

That the Business and Transformation Scrutiny Panel be requested to scrutinise the carry forward requests detailed within Report RD.01/19 prior to the Executive taking a decision on approval thereof for recommendation to Council.

Reasons for Decision

To receive the Report on the Provisional General Fund Revenue Outturn and make recommendations to the City Council

EXCERPT FROM THE MINUTES OF THE BUSINESS AND TRANSFORMATION SCRUTINY PANEL HELD ON 30 MAY 2019

BTSP.43/19 2018/19 PROVISIONAL OUTTURN REPORTS

(a) Provisional General Fund Revenue Outturn 2018/19

The Corporate Director of Finance and Resources presented report RD.01/19 summarising the 2018/19 provisional outturn for the General Fund Revenue Budget. Members were advised that the outturn position showed a net overspend for Council services as at 31 March 2018, and the outturn position would require an additional use of General Fund Reserves of £41,000.

Requests had been made to carry forward committed expenditure of £406,700, net transfers to/from reserves of £206,275 and transfer from the building control reserve of £32,637, which, if approved, would result in an overall net position of £631,660 on Council Services; however additional funding from Business Rates income of £558,000 had also been realised.

The Corporate Director of Finance and Resources informed the Panel that subsequent to the preparation of the reports, the Council was required to make an additional year-end accrual totaling £478,000. This was in respect of flood discounts awarded to businesses in the area to recognise the amount of money due back to the Ministry of Housing, Communities and Local Government (MHCLG) with a further net accrual for other minor amendments. The overall accrual would impact on, and reduce, the level of General Fund Reserves.

The Corporate Director of Finance and Resources asked the Panel to note that the information contained in the report was provisional, subject to the formal audit process. The Draft Statement of Accounts for 2018/19 would be presented to the Audit Committee on 8 July 2019, with final approval of the audited accounts on 30 July 2019.

In considering the report Members raised the following comments and questions:

- Would the additional £478,000 be a reprofiling exercise or would there be an impact on the authority to find the funds?

The Corporate Director of Finance and Resources confirmed that there would be an impact on the General Fund Reserve; it was financially prudent for the authority to make a provision to repay the grant. Had she been aware earlier of the repayment requirement then it would have been included in the provisional outturn report with a recommendation not to authorise, nor to limit the carry forwards due to the impact on reserves.

- Was the authority relying on an underspend in the Capital Programme to cover the repayment of the grant?

The Corporate Director of Finance and Resources clarified that the Senior Management Team would be required to investigate the possibility of reducing the level of the carry forward requests or look at alternative funding should the carry forward requests not all be approved. She added that, as £250,300 was in relation to a revenue contribution to fund the capital programme, it was

important to profile the capital programme schemes correctly so the expenditure was in the correct year.

The Corporate Director of Finance and Resources drew the Panel's attention to the provisional outturn position summarised in the table at section 2.2 of the report. She explained that should the Council, taking into account the late accrual, be minded to approve the carry forward requests the minimum reserves would dip below £2.7m. However, the reserves would be returned to above minimum levels by the end of the Medium Term Financial Plan (MTFP). She was assured, based on the information currently available and the current assumptions contained within the MTFP, including interest rates and spending profiles, that the reserves would be returned minimum.

The Chairman requested that the Corporate Director of Finance and Resources provide the Panel with a briefing note on the repayment of the grant to Government and the impact on the authority.

- What schemes would not progress should the carry forwards not be approved?

The Corporate Director of Finance and Resources responded that the Senior Management Team would have to consider alternative funding to progress schemes. The table of revenue carry forward requests included some smaller low-cost schemes which Senior Managers would have to find alternative funding for.

- Was the proposed reduction in car park revenue affordable given the requirement to pay back the grant?

The Finance, Governance and Resources Portfolio Holder responded that a commitment had been made to change the car parking charges and it would be carried out.

The Town Clerk and Chief Executive reminded the Panel that the Council's reserves were there for situations such as the repayment of the grant. In addition, some of the schemes in the carry forward requests were opportunistic and each year carry forwards were approved and declined and some schemes did not move forward.

The Leader of the Council clarified that the changes to the car parking charges would be progressed and would be affordable.

- A Member had some reservations regarding the carry forward requests and wanted the Senior Management Team to investigate alternative funding opportunities and the scope of the schemes before anything was approved.

The Town Clerk and Chief Executive explained that the Executive had asked Scrutiny to consider the carry forward requests and determine what should be or should not be prioritised.

The Panel discussed their concerns and felt that it would be useful in future to have more details on the schemes set out in the carry forward request table to help determine the priorities.

A Member asked if the Corporate Management project i.e. Direct Revenue was one project, or several smaller projects and the Corporate Director of Finance and Resources confirmed that the request was in respect of three smaller schemes. The schemes were £94,000 for the tennis facilities, £150,000 for a property purchase and £6,300 for green gyms. The tennis facilities monies would be reprofiled to the Bitts Park reinstatement project and the property purchase had recently completed.

The Finance, Governance and Resources Portfolio Holder reminded that Panel that the report would also be considered by full Council for final approval.

The Panel requested that further details on each of the carry forward requests be circulated to Members prior to the full Council meeting.

- What was the apprentice infrastructure in section 5 of the report?

The Corporate Director of Finance and Resources explained that money had been set aside to appoint apprentices and cover salary costs with funds received from the Apprenticeship Levy being used to find their training costs.

- A Member asked for clarity with regard to the 2018/19 net variance of the Lanes rental income.

The Corporate Director of Finance and Resources explained that the budget had identified an income shortfall which had been identified in 2019/20 as £275,000. The actual shortfall in 2018/19 had been £145,000. She added the future projected shortfall figure was being considered by the Property Services Manager.

- A Member asked for further information on the backdated head rent calculations at the Market Hall.

The Corporate Director of Finance and Resources responded that the figure covered several years. As background information she explained the process: the head rent for the Market was agreed at the start of the year and each quarter the Council invoiced the Market Hall based on the agreed head rent. At the end of each year the difference between the agreed head rent and the actual head rent was paid either to the Market Hall or to the Council from the Market Hall. In this case there had been a backlog of the annual actual head rent reconciliations due to outstanding issues: that had been compounded by a change in staff at both the City Council and the Managing Agent's. The figure in the report was the full back dated amount to be paid to the Market Hall. This figure had been included in the quarterly management reports which had been considered by the Executive and Scrutiny.

- The Recycling and Waste Management income had a recurring shortfall, was there scope to review the budget?

The Corporate Director of Finance and Resources clarified that the shortfall in income had been mainly due to the reduction in the cost of recyclates nationally however work would be carried out with service managers to review the budget and determine how realistic it was.

- What was the reason for the Homeless Accommodation overspend?

The Corporate Director of Governance and Regulatory Services explained that the overspend had been due to the 2015 flood. It had taken some time to reinstate properties and alternative provision had to be found for customers, there had also been a reduction in come as properties were not occupied.

RESOLVED – 1) That the Business and Transformation Scrutiny Panel welcomed the submission of Report RD.01/19 summarising the 2018/19 provisional outturn for the General Fund Revenue Budget.

2) That the Corporate Director of Finance and Resources provide Members with a briefing note on the repayment of the grant to Ministry of Housing, Communities and Local Government and the impact on the authority.

3) That future General Fund Revenue Outturn reports include more details on the schemes set out in the carry forward request table.

4) That further details on each of the carry forward requests be circulated to Members prior to the full Council meeting.

5) Although generally supportive, the Panel had some reservation regarding the approval of the carry forward requests and felt it would be prudent for the Senior Management Team to investigate the possibility of alternative funding streams for the schemes.

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 17 JUNE 2019

**EX.48/19 PROVISIONAL GENERAL FUND REVENUE OUTTURN 2018/19 –
CARRY FORWARDS**
(Key Decision)

(With the consent of the Chairman, and in accordance with Rule 15 of the Access to Information Procedure Rules; and Regulation 10 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 this item was included on the Agenda as a Key decision, although not in the Notice of Executive Key Decisions for decision today)

Portfolio Finance, Governance and Resources

Relevant Scrutiny Panel Business and Transformation

Subject Matter

The Deputy Leader, and Finance, Governance and Resources Portfolio Holder reported that, following consideration of the draft outturn position on 29 May 2019 (Minute EX.36/19), the Executive had asked that the Business and Transformation Scrutiny Panel consider the carry forward requests prior to the Executive making a formal decision and recommendation to Council in July 2019.

Report RD.13/19, a copy of which was submitted, recorded that requests had been made to carry forward expenditure of £406,700.

Following the preparation of the provisional outturn reports, the next stage in the year-end process was the production of the Statutory Statement of Accounts and associated working papers for submission to the External Auditors by 31 May 2019. As part of the quality review of those accounts, additional year-end accruals and other minor adjustments to the outturn position had been required. The total of those adjustments equated to £478,000. The revised outturn position was therefore as set out at paragraph 1.2.

The matter had been the subject of scrutiny by the Business and Transformation Scrutiny Panel on 30 May 2019, when the Panel made the following comments in relation to the carry forwards in the provisional outturn report:

- That future General Fund Revenue Outturn reports include more details on the schemes set out in the carry forward request table.

- That further details on each of the carry forward requests be circulated to Members prior to the full Council meeting.
- That the Panel had some reservation regarding the approval of the carry forward requests and felt it would be prudent for the Senior Management Team to investigate the possibility of alternative funding streams for the schemes.

Minute Excerpt BTSP.43/19(a) setting out the Panel's observations and recommendations was also submitted.

Information regarding the impact upon reserves; details of transfers into and from new and existing reserves; and the revised delegations for the release of the Building Control Reserve was also provided at Section 3 to the report.

The Chairman of the Business and Transformation Scrutiny Panel indicated that the Panel was in the main supportive. Members did, however, have some concerns regarding the additional year-end accrual totalling £478,000. A number of other issues were raised in discussion, including the recurring shortfall in Recycling and Waste Management income.

The Deputy Leader concurred with the Chairman's recollection of proceedings at the Scrutiny Panel meeting. He commented, in particular, upon the need for the new administration to address the income shortfalls (e.g. recycling and waste management) identified.

The Deputy Leader, and Finance, Governance and Resources Portfolio Holder then moved the recommendations set out, which were duly seconded by the Leader.

Summary of options rejected None

DECISION

That the Executive:

- (i) Had considered the feedback from the Business and Transformation Scrutiny Panel and the committed expenditure totalling £406,700, to be incurred in 2019/20, funded by a release from the General Fund Reserve in 2019/20 as detailed in Appendix 1 of Report RD.13/19, for recommendation to Council;
- (ii) Approved the creation of new reserves and transfers into and from the new and existing reserves of £206,275, in addition to the transfer from the building control reserve of £32,637, as detailed in paragraphs 3.2, 3.3 and 3.4 and Appendix 2 of the report, for recommendation to Council;
- (iii) Approved, for recommendation to Council, the revised delegations for the release of the Building Control Reserve.

Reasons for Decision

To receive the Report on the Provisional General Fund Revenue Outturn and make recommendations to the City Council