

Report to Executive

Agenda
Item:

A.9(a)

Meeting Date: 22nd June 2020
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD.05/20
Within Policy and Budget Framework YES
Public / Private Public

Title: PROVISIONAL GENERAL FUND REVENUE OUTTURN 2019/20
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD 01/20

Purpose / Summary: This report summarises the 2019/20 provisional outturn for the General Fund revenue budget and gives reasons for the variances. The outturn position will result in returning £485,000 to General fund reserves (as set out in paragraph 5.3).

Requests are made to carry forward committed expenditure of £811,000, net transfers to/from reserves and provisions of £1,510,437 and transfer to the building control reserve of £60,247, which, if approved, will result in an overall net underspend position of £69,095 on Council Services; however it is estimated that additional funding from Business Rates income of £475,000 will be realised (subject to the completion of the NNDR3 return and confirmation of any pooling gains).

Following completion of the NNDR3 return and final confirmation of the Business Rates Pooling, £237,600 of the additional funding from business rates will be used to support the capital programme and will not be returned to general fund reserves. This will be confirmed as part of the report to Council in July.

It should be noted that the information contained in this report is provisional, subject to the formal audit process. The Draft Statement of Accounts for 2019/20 will be presented to the Audit Committee on 30 July, with final approval of the audited accounts on 27 October.

Recommendations:

The Executive is asked to:

- (i) Note the net underspend of £2,390,532 for Council Services as at 31 March 2020;

- (ii) Note the committed expenditure totalling £811,000, to be incurred in 2020/21 which has been approved by the Corporate Director of Finance and Resources under delegated powers, and the release of £811,000 from the General Fund Reserve in 2020/21 as detailed in Appendix D1 of the report for recommendation to Council;
- (iii) Approve the creation of new reserves and transfers into and from the new and existing reserves of £1,425,837, in addition to the transfer to the building control reserve of £60,247 as detailed in paragraphs 5.1 and 5.2 and Appendix D2 of the report for recommendation to Council;
- (iv) Approve the creation of new provisions and transfers into the new provisions of £84,600 as detailed in paragraph 5.1 and Appendix D2 of the report for recommendation to Council.

Tracking

Executive:	22 June 2020
Scrutiny:	BTSP 23 July 2020
Audit Committee:	30 July 2020 (for information only)
Council:	14 July 2020

1. BACKGROUND

- 1.1 In accordance with the City Council's Financial Procedure Rules, the Corporate Director of Finance and Resources is required to report to the Executive on the overall budget position, the monitoring and control of expenditure against budget allocations and the exercise of virement on a regular basis. Further details of virements processed can be found in **Appendix A**. It is the responsibility of individual Directors to control income and expenditure within their service areas and to monitor performance, taking account of financial information provided by the Corporate Director of Finance and Resources.
- 1.2 This report shows the provisional outturn position for the General Fund Revenue budgets for 2019/20.
- 1.3 A summary of the overall position is shown in paragraph 2. Further details for each directorate are included in **Appendices B1 – B7** as follows:
 - (i) A comparison of the outturn position against the budget.
 - (ii) An analysis of the major variances relating to both income and expenditure, with comments from the Directors.
 - (iii) The items of carry forwards to cover committed expenditure to be expended in line with the original purpose. These requests follow the procedure agreed by Council with every form being signed off by the relevant Director after discussion with the Portfolio holder, and the Corporate Director of Finance and Resources.
 - (iv) Reserves to be established and/or increased to support possible future funding obligations.
- 1.4 Members should note that the information contained in this report is provisional and subject to the formal audit process. The draft Statement of Accounts for 2019/20 will be presented to the Audit Committee on 30 July, with formal approval of the audited accounts on 27 October. Any significant changes required following the approval of the 2019/20 accounts will, if necessary, be reported to a future Executive meeting.
- 1.5 Please note that throughout this report:
 - (i) the use of a bracket represents a favourable position i.e. either an underspend or additional income received,
 - (ii) the term 'underspend' is taken to include both reduced expenditure and/or increased income,
 - (iii) the term 'overspend' includes both spending above budget and/or reduced income levels.

2. SUMMARY REVENUE OUTTURN 2019/20

- 2.1 The provisional outturn position for the General Fund is summarised below and explanations for the main variances are provided in the appendices. The significant variances and key issues are highlighted in paragraph 3:

Directorate / Appendix	Original Budget £	Net Updated Budget £	Net Spend to Date £	Variance £	Carry Forwards £	Reserves/ Provisions £	Adjusted Variance £
Community Services (B1)	8,523,900	9,742,800	9,817,903	75,103	55,300	126,474	256,877
Corporate Support (B2)	3,081,500	1,502,500	1,331,312	(171,188)	0	0	(171,188)
Economic Development (B3)	977,600	1,649,900	1,256,185	(393,715)	65,000	631,505	302,790
Finance & Resources (B4)	3,331,200	1,618,000	956,938	(661,062)	12,700	24,100	(624,262)
Governance & Regulatory Services (B5)	536,600	1,126,700	821,514	(305,186)	110,300	532,358	337,472
Corporate Management (B6)	(2,095,700)	(156,600)	(586,882)	(430,282)	23,700	196,000	(210,582)
Exceptional Items (B7)	0	500,000	(4,202)	(504,202)	544,000	0	39,798
Service Expenditure	14,355,100	15,983,300	13,592,768	(2,390,532)	811,000	1,510,437	(69,095)
Transformation & Base Budget Savings	(734,100)	0	0	0	0	0	0
Service Expenditure	13,621,000	15,983,300	13,592,768	(2,390,532)	811,000	1,510,437	(69,095)
Parish Precepts	637,600	637,600	637,627	27	0	0	27
Total	14,258,600	16,620,900	14,230,395	(2,390,505)	811,000	1,510,437	(69,068)
<u>Transfers to/(from) Reserves</u>							
Transformation Reserve	(152,100)	(152,100)	(152,100)	0	0	0	0
Welfare Reform Reserve	(200,000)	(200,000)	(200,000)	0	0	0	0
Asset Investment Reserve	(47,600)	(47,600)	(47,643)	(43)	0	0	(43)
Revenues and Benefits Reserve	(338,400)	(338,400)	(338,385)	15	0	0	15
Building Control Reserve	0	(44,600)	(44,600)	0	0	0	0
Cremator Replacement Reserve	0	117,400	117,441	41	0	0	41
Carry Forward Reserve	47,600	14,900	14,943	43	0	0	43
Revenue Grants Reserve	0	(354,600)	(354,665)	(65)	0	0	(65)
General Fund Reserve	(558,600)	(1,465,300)	1,400,619	2,865,919	(811,000)	(1,510,437)	544,482
Planning Services Reserve	0	46,300	46,300	0	0	0	0
GLL Reserve	0	(273,000)	(272,820)	180	0	0	180
Flood Reserve	0	(159,600)	(159,600)	0	0	0	0
City Centre Reserve	0	(4,600)	(4,600)	0	0	0	0
Economic Investment Reserve	0	(6,100)	(6,100)	0	0	0	0
Promoting Carlisle Reserve	0	(10,000)	(10,000)	0	0	0	0
Total Transfer to/(from) Reserves	(1,249,100)	(2,877,300)	(11,210)	2,866,090	(811,000)	(1,510,437)	544,653
Financed by:							
Precept from Collection Fund	(7,870,700)	(7,870,700)	(7,870,724)	(24)	0	0	(24)
Business Rate Retention	(5,138,800)	(5,872,900)	(6,348,461)	(475,561)	0	0	(475,561)
Total Grants	(13,009,500)	(13,743,600)	(14,219,185)	(475,585)	0	0	(475,585)
Total	(14,258,600)	(16,620,900)	(14,230,395)	2,390,505	(811,000)	(1,510,437)	69,068

2.2 The table above details the net Council budget. The Council's original gross budget for 2019/20 was £57.71m and although there are many individual variances as detailed by directorates in **Appendices B1 – B7**, the net underspend equates to 0.12% of this budget. The main variances are summarised in the table below.

Budget Area		Underspend £	Overspend £
Recycling & Waste Management Income	B1	0	223,430
Special Events	B1	0	53,823
Car Parking Income	B1	0	111,866
Garage Services	B1	0	69,663
Grounds Maintenance	B1	(68,153)	0
Healthy Cities	B1	(55,903)	0
ICT Services	B2	(121,030)	0
Business Interaction Centre	B3	0	68,608
Development Control Fee Income	B3	0	266,783
Loan Interest (including new borrowing)	B4	(569,162)	0
Insurance Premiums	B4	(72,950)	0
HR Advisory Services	B4	56,974	0
Legal Services	B5	0	73,233
Lanes Rent	B5	0	197,348
Building & Facilities Services	B5	(44,245)	0
Civic Centre	B5	0	84,361
Enterprise Centre	B5	(47,588)	0
Other Rental Properties Income	B5	0	64,033
Homeless Accommodation	B5	0	114,488
Regulatory Services	B5	(182,739)	0
Salary Turnover Savings	B6	(216,700)	0

3. EXPLANATION OF SIGNIFICANT VARIANCES & KEY ISSUES

3.1 The provisional outturn position for 2019/20 is an underspend of £69,095 after taking into account carry forward requests of £811,000 as set out in paragraph 4, and transfers to/from earmarked reserves and provisions totalling £1,510,437, as set out in paragraph 5.

3.2 Some of the **significant** service expenditure and income variances are set out below. Many of these have been reported throughout the year in budget monitoring reports and further explanations are provided in the appendices.

- A shortfall from income from the sale of recyclates due to a fall in the price of plastic and a shortfall in income from the sale of Garden Waste.
- A shortfall in income from lamp post and digital banner advertising (Special Events budget B1).
- A shortfall in car parking income from tickets, permits and penalty charge notices.

- A net overspend in Garage Services as a result of a shortfall in trading income.
- A net underspend in Grounds Maintenance due to underspends on transport related expenditure and supplies and services.
- An underspend in the Health and Wellbeing Team due to staff vacancies in the team.
- A net underspend in ICT Services due to reduced expenditure on software maintenance and payments to consultants.
- A net overspend at the Business Interaction Centre due to a shortfall in income and there being no budgets identified to fund the monthly running costs.
- A shortfall from Development Control fee income due to slower progression on new sites and construction slowing down.
- A saving from interest on borrowing due to the level and rate of new borrowing arrangements entered into and the date the new arrangements commenced.
- An underspend relating to reduced insurance premiums as a result of the retender exercise.
- An overspend on HR Advisory Services employee costs.
- An overspend on Legal Services employee costs and a shortfall from Land Charges fee income.
- A shortfall in Lanes rental for the year. The shortfall for 2019/20 is £325,000 due to current market conditions as there remains great uncertainty in the high street with few active enquiries and where any new lettings are agreed, these are often on short-term flexible agreements that do not produce significant and certain rental receipts. However, the 2018/19 Head Rent reconciliations have been reconciled which resulted in an additional payment to the Council and reduced the year end shortfall.
- An underspend on Building and Facilities Services mainly due to reduced spend on premises expenditure.
- An overspend on premises rental at the Civic Centre partly offset by underspends on utility costs. Also, a shortfall in rental income achieved.
- Additional rental income achieved at the Enterprise Centre.
- Shortfall in rental income from Other Properties mainly from vacant properties that are being considered for disposal. Further pressures are due to vacant units and downward rent reviews.
- An overspend of £59,378 on expenditure on Homeless Accommodation mainly relating to a shortfall in savings required to offset the loss of the supporting people funding. Also, a shortfall in income of £55,110 due to some units being vacant for refurbishment.
- A net underspend in Regulatory Services due to increased levels of Licence fee income, HMO registration fee income and Home Improvement fee income. Civil

Penalties income has also been received and is intended to be utilised in part to enhance the stock condition survey.

- Additional salary turnover achieved against the budget.

3.3 A subjective analysis of the summarised outturn position is shown in **Appendix C**.

3.4 The reallocation of central departments' balances to service areas still has to be carried out, which explains many of the small balances held on some management and support service cost centres. This reallocation will be completed before the Statement of Accounts is prepared but has no impact on the overall out-turn position.

3.5 Members are regularly updated on the budget position throughout the year, with quarterly reports being considered by the Executive and scrutinised by Business and Transformation Scrutiny Panel. Many of the variances shown in the Appendices have previously been reported with any necessary steps to mitigate the impact on the future budget position dealt with as part of the 2020/21 budget. However, some pressures may have an ongoing impact which must be addressed during the forthcoming 2021/22 budget process.

4. CARRY FORWARD REQUESTS

4.1 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.

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

- 4.2 Details of the carry forward requests, which itemise committed expenditure, are contained within **Appendix D1**. The requests have been subject to the scrutiny of the relevant Director and Portfolio Holder prior to formal consideration by SMT and the Corporate Director of Finance and Resources who is satisfied that budgets of £811,000 should be carried forward into 2020/21. Although some Directorates have expended in excess of their budgets or have suffered reduced income as detailed in the individual appendices, once committed expenditure is taken into account there is an overall underspend across the authority.

The relevant Director will be able to give further details of carry forward requests if required at the meeting.

- 4.3 For information, the table below provides details of the outturn position (excluding funding) and level of carry forward requests over the last five years for illustrative purposes:

	2019/20 Provisional £	2018/19 £	2017/18 £	2016/17 £	2015/16 £
Variance at 31 March	(2,390,532)	18,685	(1,539,526)	(1,242,132)	(2,612,443)
Carry forward requests	811,000	406,700	663,800	393,000	593,900
Final Variance	(1,579,532)	425,385	(875,726)	(849,132)	(2,018,543)
Less Transfers	<u>1,510,437</u>	<u>206,275</u>	<u>1,276,247</u>	<u>407,300</u>	<u>1,993,500</u>
Service Expenditure variance	(69,095)	631,660	400,521	(441,832)	(25,043)
Percentage variance on service expenditure of original gross budget	(0.12)%	1.15%	0.71%	(0.75)%	(0.04)%

5. RESERVES AND PROVISIONS

- 5.1 Details of transfers into and from new/existing reserves and provisions requested as part of the outturn process are contained within **Appendix D2** and are summarised below.

	Net Approval Requested £
Waverley Viaduct Reserve (new)	30,000
Apprentice Infrastructure	24,100
Flood Reserve	94,000
Carry Forward Reserve	126,900
Revenue Grants Reserve	1,150,837
Total Additional Transfers to Reserves	1,425,837
Working Directive Provision (new)	62,000
Civil Penalties Provision (new)	22,600
Total Additional Transfers to Provisions	84,600
Total Additional Transfers	1,510,437

The creation of the Waverley Viaduct Reserve is to hold allocated budgets for the development of the Waverley Viaduct.

- 5.2 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 2019/20 the required amount to be transferred to the Building Control Reserve is £60,247. This is in addition to £44,600 released during 2019/20 to fund eligible costs.
- 5.3 The level of Council reserves was approved by Council in February. Due to the level of underspend identified within this report and if all of the carry forward requests and transfers to/from earmarked reserves are approved, an additional £485,000 will be returned to the General Fund Reserve as a result of the 2019/20 outturn (subject to the completion of the NNDR3 return and final confirmation of any pooling gains).

	31/03/2020 £'000s	31/03/2021 £'000s	31/03/2022 £'000s	31/03/2023 £'000s	31/03/2024 £'000s	31/03/2025 £'000s
Prudent Level of Reserves	(3,100)	(3,100)	(3,100)	(3,100)	(3,100)	(3,100)
Council Resolution General Fund Reserve	(3,681)	(3,225)	(2,974)	(3,035)	(3,156)	(3,336)
Funding released for Covid-19	500	500	500	500	500	500
Revised Level of Reserves	(3,181)	(2,725)	(2,474)	(2,535)	(2,656)	(2,836)
Underspend position to be returned to Reserves	(2,391)					
Additional Funding from Business Rates	(475)					
Transfer (from)/to earmarked reserves & provisions: ⁽¹⁾						
- see paragraph 5.1	1,510					
- see paragraph 5.2	60					
Committed Carry Forwards	0	811	0	0	0	0
Revised Reserves Balance	(4,477)	(3,210)	(2,959)	(3,020)	(3,141)	(3,321)

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

Note 2: The Final Reserves Balance will be dependent on additional transfer as part of the Statement of Accounts including the final position on Business Rates.

- 5.4 The Carry Forward Reserve is retained as a general reserve rather than an earmarked reserve as budgets will be released back into the General Fund Reserve if the expenditure incurred in line with the original requests can be met from within base budgets.

6. BAD DEBT PROVISION

- 6.1 The Council's bad debt provision has been increased in respect of sundry debtors and reduced in respect of penalty charge notices and housing benefit overpayments, and this has been allocated directly to the services. Further details can be found in report RD04/20 elsewhere on the agenda.

7. BALANCE SHEET

- 7.1 In line with suggested best practice, information relating to significant items on the Council's balance sheet has been reported regularly to Members during the course of the year. The Council's balance sheet as at 31 March 2020 forms part of the annual Statement of Accounts that will be considered by the Audit Committee on 30 July, with final approval of the audited accounts on 27 October.
- 7.2 The VAT partial exemption calculation has been finalised for 2019/20 resulting in 2.85% for the year which is well below the 5% limit set by HMRC. However, this will increase as expenditure is incurred on the capital programme especially on VAT exempt activities i.e. Civic Centre reinstatement.

- 7.3 The 2019/20 Council Tax Collection Fund projected surplus has decreased from £562,578 to £23,143 (Council share decreased from £69,394 to £2,842).
- 7.4 2019/20 is the seventh year of the Business Rate Retention Scheme and the Collection Fund Accounting Regulations and the sixth year the Council has participated in the Cumbria Pooling arrangement.
- 7.5 The detailed figures for Business rates are considered elsewhere on the agenda in report RD04/20. The Council budgeted for additional income of £2,484,000, and the provisional outturn shows that an additional £475,000 on top of this has been achieved in 2019/20 (subject to the completion of the NNDR3 return and final confirmation of any pooling gains). This surplus on the budget will be an additional contribution to General Fund Reserves.

However, following completion of the NNDR3 return and final confirmation of the Business Rates Pooling, £237,600 of the additional funding from business rates will be used to support the capital programme and will not be returned to general fund reserves. This will be confirmed as part of the report to Council in July.

The Council Tax and NNDR Provisional outturn report provides further details and is considered elsewhere on the agenda (RD04/20).

8. COVID-19

- 8.1 COVID-19 has had minimum impact on the financial position as at 31st March 2020; however, emergency funding of £1.132million has been received to support Council services in 2020/21 in terms of additional expenditure and loss of income. Monthly returns are being submitted to the MHCLG to identify potential costs, with the hope that further funding will be made available to local authorities. Early indications are that the estimated full year costs of COVID-19 equates to approximately £4.9million; however, any loss of income from Business Rates and Council Tax will add to this sum and is being closely monitored.

9 RISKS

- 9.1 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. The impact on COVID-19 on the Council's resources is the greatest risk to ensuring that the Medium-Term Financial Plan is able to support service delivery whilst ensuring that reserves are maintained. The completion of the NNDR3 return and final confirmation of any pooling gains is needed before any funding is released to support Council projects.

10. CONSULTATION

10.1 Consultation to date.

Portfolio Holders and SMT have considered the issues raised in this report.

10.2 Consultation Proposed.

Business and Transformation Scrutiny Panel will consider the report on 23 July 2020.

11. CONCLUSION AND REASONS FOR RECOMMENDATIONS

11.1 The Executive is asked to:

- (i) Note the net underspend of £2,390,532 for Council Services as at 31 March 2020;
- (ii) Note the committed expenditure totalling £811,000, to be incurred in 2020/21 which has been approved by the Corporate Director of Finance and Resources under delegated powers, and the release of £811,000 from the General Fund Reserve in 2020/21 as detailed in Appendix D1 of the report for recommendation to Council;
- (iii) Approve the creation of new reserves and transfers into and from the new and existing reserves of £1,425,837, in addition to the transfer to the building control reserve of £60,247 as detailed in paragraphs 5.1 and 5.2 and Appendix D2 of the report for recommendation to Council;
- (iv) Approve the creation of new provisions and transfers into the new provisions of £84,600 as detailed in paragraph 5.1 and Appendix D2 of the report for recommendation to Council.

12. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

12.1 The Council's budget is set in accordance with the priorities of the Carlisle Plan and the 2019/20 outturn shows the delivery of these priorities within budget.

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**Appendices A, B1 to B7, C and D1 to D2.
attached to report:**

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.

PROPERTY SERVICES – Property asset implications are contained within the main body of 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.

REVENUE BUDGET MONITORING 2019/20

VIREMENTS PROCESSED FOR PERIOD JANUARY TO MARCH 2020

Date	Virement Details	Recurring/ Non-recurring	Value	Authorised By
Requested by Officers (under £35,000 or delegated authority)				
Jan-20	Release of City Centre Reserve re Festive Lighting	Non-recurring	4,600	Town Clerk & Chief Executive OD.96/18
Jan-20	Release of funding from Revenue Grants Reserve for Homelessness Prevention	Non-recurring	32,700	Corporate Director of Finance and Resources
Feb-20	Revenue contribution to capital from sale of waste receptacles to provide additional funding for the purchase of new items	Non-recurring	4,100	Neighbourhood Services Manager
Feb-20	Virement from Salary Turnover Savings to fund Central Plaza resilience grants	Non-recurring	15,300	Corporate Director of Finance and Resources
Feb-20	Release of funding from Revenue Grants Reserve for Homelife	Non-recurring	1,400	Corporate Director of Finance and Resources
Mar-20	Release of General Fund Reserve to fund emergency expenditure in relation to the Coronavirus pandemic	Non-recurring	500,000	Corporate Director of Finance and Resources OD.45/20
Mar-20	Revenue contribution to capital from Carlisle Pageant budgets towards the cost of the replacement Digital Banner	Non-recurring	5,700	Health & Wellbeing Manager
Mar-20	Release of funding from Revenue Grant Reserve for Healthy Cities	Non-recurring	1,600	Corporate Director of Finance and Resources
Mar-20	Release of funding from Revenue Grant Reserve for Sugar Smart Campaign	Non-recurring	1,200	Corporate Director of Finance and Resources
Mar-20	Release of funding from Revenue Grant Reserve for Doorstep Walks	Non-recurring	200	Corporate Director of Finance and Resources
Mar-20	Release of funding from Revenue Grant Reserve for One Public Estate	Non-recurring	8,500	Corporate Director of Finance and Resources
Mar-20	Release of funding from Revenue Grant Reserve for Homelessness	Non-recurring	4,900	Corporate Director of Finance and Resources
Mar-20	Virement from Revenues and Benefits to Revenues and Benefits Shared ICT Service	Non-recurring	21,900	Revenues and Benefits Operations Manager
Mar-20	Virement from Salary underspends to cover additional pension costs	Non-recurring	39,600	Health & Wellbeing Manager
Mar-20	Release of funding from Economic Investment Reserve to fund Central Plaza resilience grants	Non-recurring	6,100	Town Clerk & Chief Executive OD.51/20
Mar-20	Release of funding from Promoting Carlisle Reserve to fund Central Plaza resilience grants	Non-recurring	10,000	Portfolio Holder Decision Notice PF.3/20
Mar-20	Release of funding from Planning Services Reserve to fund Development Control expenditure	Non-recurring	31,400	Town Clerk & Chief Executive OD.53/20
Approved by Executive (£35,000 to £70,000 or delegated authority)				
Approved by Council (over £70,000)				

REVENUE BUDGET MONITORING 2019/20

COMMUNITY SERVICES	Gross Expenditure	Gross Income	Recharges	Carry Forwards Awaiting Approval	Reserves / Provisions	Total
Position as at 31 March 2020	£	£	£	£	£	£
Annual Budget	18,913,700	(6,420,600)	(2,750,300)			9,742,800
Budget to date	18,913,700	(6,010,600)	(3,160,300)			9,742,800
Total Actual	18,678,343	(5,758,336)	(3,102,104)			9,817,903
Variance	(235,357)	252,264	58,196			75,103
Carry Forwards/Reserves & Provisions				55,300	126,474	181,774
Adjusted Variance	(235,357)	252,264	58,196	55,300	126,474	256,877

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Carry Forwards Awaiting Approval	Reserves / Provisions (A)	Adjusted Variance
Service	Note	£	£	£	£	£	£
Car Parking	1	(29,603)	115,667	42	0	0	86,106
Garage Services	2	(10,785)	13,341	66,807	300	0	69,663
Grounds Maintenance	3	(67,455)	(699)	0	0	0	(68,153)
Special Events	4	3,979	49,844	0	0	0	53,823
Healthy Cities	5	(57,493)	(13,510)	0	15,100	0	(55,903)
Recycling and Waste Services	6	(27,123)	223,430	(8,800)	36,100	24,100	247,707
Miscellaneous	7	(46,877)	(135,810)	147	3,800	102,374	(76,366)
Total Variance to date		(235,357)	252,264	58,196	55,300	126,474	256,877

Note	Community Services - Comments
1.	Shortfall in ticket income, contract income and penalty charge notice income.
2.	Various minor underspends including employee related expenses; shortfall in trading income.
3.	Underspend on transport related expenditure and supplies and services.
4.	Shortfall in income from lamp post and digital banner advertising.
5.	Underspend on Sports Development & overspend on Children and Young People expenditure; Additional sale income received.
6.	Budget shortfall of £25,500 towards the capital costs of replacement vehicles, underspends on transport costs; shortfall in income from sale of recyclates and Garden Waste.
7.	Minor underspends, surplus income and a shortfall in recharges across other services within the Directorate.

REVENUE BUDGET MONITORING 2019/20

CORPORATE SUPPORT	Gross Expenditure	Gross Income	Recharges	Carry Forwards Awaiting Approval	Reserves / Provisions	Adjusted Total
Position as at 31 March 2020	£	£	£	£	£	£
Annual Budget	6,638,300	(1,554,500)	(3,581,300)			1,502,500
Budget to date	6,638,300	(1,554,500)	(3,581,300)			1,502,500
Total Actual	6,456,526	(1,534,633)	(3,590,581)			1,331,312
Variance	(181,774)	19,867	(9,281)			(171,188)
Carry Forwards/Reserves & Provisions				0	0	0
Adjusted Variance	(181,774)	19,867	(9,281)	0	0	(171,188)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Carry Forwards Awaiting Approval	Reserves / Provisions	Adjusted Variance
Service	Note	£	£	£	£	£	£
ICT Services	1	(102,504)	(9,244)	(9,281)	0	0	(121,030)
Miscellaneous	2	(79,270)	29,111	0	0	0	(50,158)
Total Variance to date		(181,774)	19,867	(9,281)	0	0	(171,188)

Note	Corporate Support - Comments
1.	Underspends on software maintenance and payment of consultants fees.
2.	Minor underspends and shortfall in income across other services within the Directorate.

REVENUE BUDGET MONITORING 2019/20

ECONOMIC DEVELOPMENT	Gross Expenditure	Gross Income	Recharges	Carry Forwards Awaiting Approval	Reserves / Provisions	Adjusted Total
Position as at 31 March 2020	£	£	£	£	£	£
Annual Budget	4,418,600	(2,028,000)	(740,700)			1,649,900
Budget to date	4,418,600	(2,028,000)	(740,700)			1,649,900
Total Actual	4,280,238	(2,283,353)	(740,700)			1,256,185
Variance	(138,362)	(255,353)	0			(393,715)
Carry Forwards/Reserves & Provisions				65,000	631,505	696,505
Adjusted Variance	(138,362)	(255,353)	0	65,000	631,505	302,790

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Carry Forwards Awaiting Approval	Reserves / Provisions	Adjusted Variance
Service	Note	£	£	£	£	£	£
Business Interaction Centre	1	62,096	6,511	0	0	0	68,608
Development Control	2	(27,834)	266,783	0	0	0	238,949
Building Control	3	(31,216)	(19,051)	0	0	0	(50,268)
Regeneration	4	(17,382)	(267,193)	0	24,700	265,509	5,634
Carlisle South	5	(79,448)	(290,700)	0	27,900	340,650	(1,598)
Miscellaneous	6	(44,578)	48,297	0	12,400	25,346	41,465
Total Variance to date		(138,362)	(255,353)	0	65,000	631,505	302,790

Note	Economic Development - Comments
1.	Overspend on monthly running costs which do not have budgets identified; shortfall in income.
2.	Underspend on advertising and payment of consultant fees; shortfall in fee income.
3.	Underspend on employee related salary expenditure; increased fee income received.
4.	Grant income received in advance of expenditure.
5.	Underspend on third party payments; grant income received in advance of expenditure.
6.	Minor underspends and a shortfall in income across other services within the Directorate.

REVENUE BUDGET MONITORING 2019/20

FINANCE AND RESOURCES	Gross Expenditure	Gross Income	Recharges	Carry Forwards Awaiting Approval	Reserves / Provisions	Adjusted Total
Position as at 31 March 2020	£	£	£	£	£	£
Annual Budget	27,664,600	(22,826,800)	(3,219,800)			1,618,000
Budget to date	27,664,600	(22,826,800)	(3,219,800)			1,618,000
Total Actual	27,047,756	(22,888,645)	(3,202,173)			956,938
Variance	(616,844)	(61,845)	17,627			(661,062)
Carry Forwards/Reserves & Provisions				12,700	24,100	36,800
Adjusted Variance	(616,844)	(61,845)	17,627	12,700	24,100	(624,262)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Carry Forwards Awaiting Approval	Reserves / Provisions	Adjusted Variance
Service	Note	£	£	£	£	£	£
Treasury and Debt Management	1	(563,234)	827	10,501	0	0	(551,906)
Insurance	2	(73,004)	0	55	0	0	(72,950)
HR Advisory Services	3	44,921	(648)	0	12,700	0	56,974
Miscellaneous	4	(25,527)	(62,024)	7,071	0	24,100	(56,380)
Total Variance to date		(616,844)	(61,845)	17,627	12,700	24,100	(624,262)

Note	Finance and Resources - Comments
1.	Savings on borrowing costs due to the level and rate of new borrowing arrangements entered into and the date new arrangements commenced.
2.	Underspend relating to reduced insurance premiums from the recent tender process.
3.	Overspend on employee related expenditure.
4.	Minor underspends and surplus income across other services within the Directorate.

REVENUE BUDGET MONITORING 2019/20

GOVERNANCE AND REGULATORY	Gross Expenditure	Gross Income	Recharges	Carry Forwards Awaiting Approval	Reserves / Provisions	Adjusted Total
Position as at 31 March 2020	£	£	£	£	£	£
Annual Budget	11,242,500	(6,796,700)	(3,319,100)			1,126,700
Budget to date	11,242,500	(6,796,700)	(3,319,100)			1,126,700
Total Actual	11,241,984	(7,113,716)	(3,306,754)			821,514
Variance	(516)	(317,016)	12,346			(305,186)
Carry Forwards/Reserves & Provisions				110,300	532,358	642,658
Adjusted Variance	(516)	(317,016)	12,346	110,300	532,358	337,472

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Carry Forwards Awaiting Approval	Reserves / Provisions	Adjusted Variance
Service	Note	£	£	£	£	£	£
Legal Services	1	56,393	16,841	0	0	0	73,233
The Lanes	2	0	197,348	0	0	0	197,348
Buildings & Facilities Services	3	(140,425)	(910)	13,590	0	83,500	(44,245)
Civic Centre	4	69,829	14,532	0	0	0	84,361
Enterprise Centre	5	(1,588)	(46,000)	0	0	0	(47,588)
Other Rental Properties	6	17,346	64,033	0	0	0	81,379
Homeless Accommodation	7	59,378	(49,722)	0	0	104,832	114,488
Homeless Prevention and Welfare	8	(76,032)	(292,170)	0	64,900	285,501	(17,801)
Regulatory Services	9	(11,248)	(222,772)	(1,244)	0	52,525	(182,739)
Miscellaneous	10	25,832	1,804	0	45,400	6,000	79,037
Total Variance to date		(516)	(317,016)	12,346	110,300	532,358	337,472

Note	Governance & Regulatory Services - Comments
1.	Overspend on employee expenditure; shortfall in Land Charges fee income.
2.	Shortfall in rent income for 2019/20. Annual deficit of £325,000 projected although the previous year head rents have been reconciled which resulted in an additional payment to the Council.
3.	Underspend on premises expenditure; shortfall in trading income.
4.	Overspend on premises rental offset by underspends on utility costs; shortfall in rental income.
5.	Additional rental income received.
6.	Overspend on surveyor fees and void costs; Shortfall in rental income due to vacant properties. Additional pressures are anticipated due to downward rent reviews.
7.	Shortfall on budget savings required due to the loss of Supporting People funding & overspend on employee expenditure; shortfall in income due to units being vacant for refurbishment, grant income received in advance of spend.
8.	Underspend on general grants paid out (carry forward request); grant income received in advance of spend.
9.	Minor underspends on supplies and services; Additional licence income and agency fee income received.
10.	Minor overspends and shortfalls in income across other services within the Directorate.

REVENUE BUDGET MONITORING 2019/20

CORPORATE MANAGEMENT	Gross Expenditure	Gross Income	Recharges	Carry Forwards Awaiting Approval	Reserves / Provisions	Adjusted Total
Position as at 31 March 2020	£	£	£	£	£	£
Annual Budget	1,688,800	(1,845,400)	0			(156,600)
Budget to date	1,688,800	(1,845,400)	0			(156,600)
Total Actual	1,251,411	(1,838,293)	0			(586,882)
Variance	(437,389)	7,107	0			(430,282)
Carry Forwards/Reserves & Provisions				23,700	196,000	219,700
Adjusted Variance	(437,389)	7,107	0	23,700	196,000	(210,582)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Carry Forwards Awaiting Approval	Reserves / Provisions	Adjusted Variance
Service	Note	£	£	£	£	£	£
Other Financial Costs	1	(282,534)	7,106	0	0	102,000	(173,428)
Direct Revenue Financing	2	(114,393)	0	0	23,700	94,000	3,307
Miscellaneous	3	(40,462)	1	0	0	0	(40,461)
Total Variance to date		(437,389)	7,107	0	23,700	196,000	(210,582)

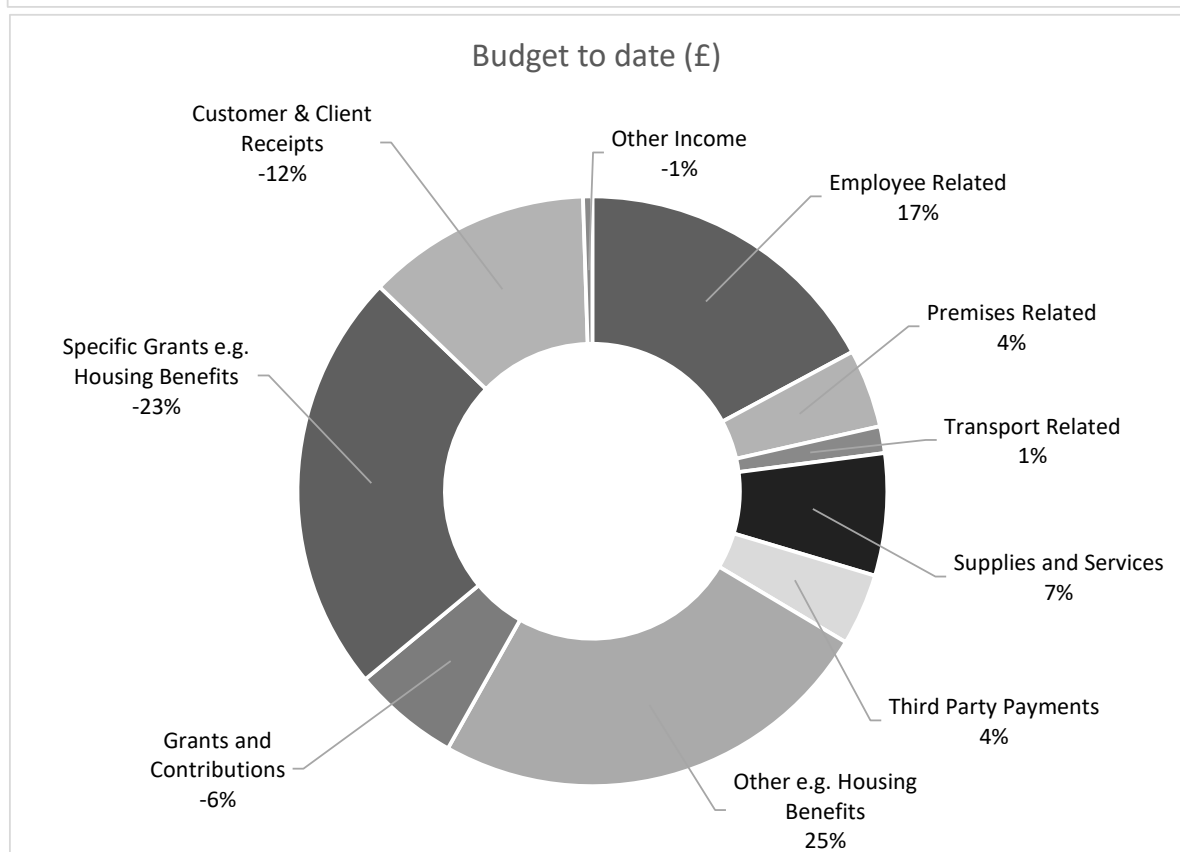
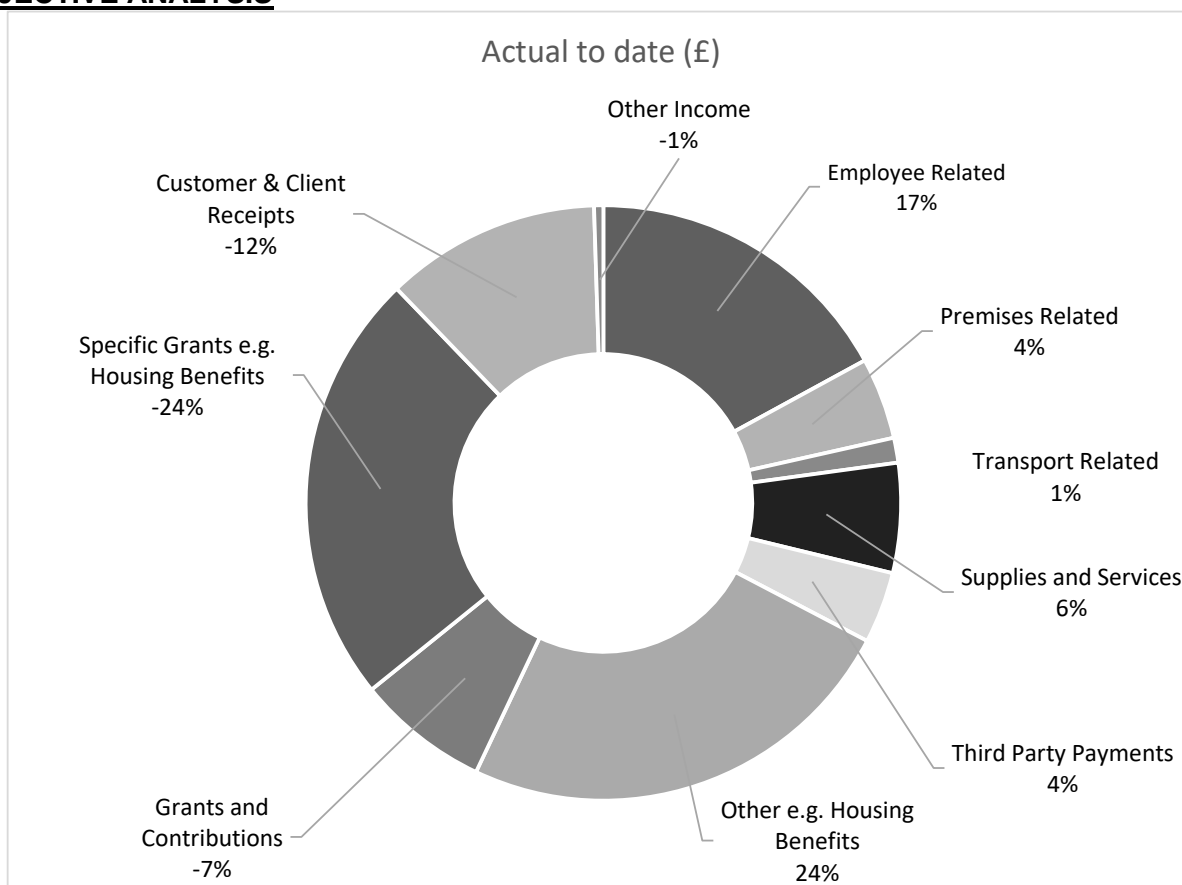
Note	Corporate Management - Comments
1.	Improvements in savings for Salary Turnover (£216,700) and change to employers liability provision (£50,000); Reduced government grants received.
2.	Carry forward to fund continuing capital schemes and transfer to Flood Reserve to fund Bitts Park expenditure.
3.	Minor underspends across other services within the Directorate.

REVENUE BUDGET MONITORING 2019/20

EXCEPTIONAL ITEMS	Gross Expenditure	Gross Income	Recharges	Carry Forwards Awaiting Approval	Reserves / Provisions	Adjusted Total
Position as at 31 March 2020	£	£	£	£	£	£
Annual Budget	500,000	0	0			500,000
Budget to date	500,000	0	0			500,000
Total Actual	55,066	(59,268)	0			(4,202)
Variance	(444,934)	(59,268)	0			(504,202)
Carry Forwards/Reserves & Provisions				544,000	0	544,000
Adjusted Variance	(444,934)	(59,268)	0	544,000	0	39,798

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Carry Forwards Awaiting Approval	Reserves / Provisions	Adjusted Variance
Service	Note	£	£	£	£	£	£
Corona Virus	1	(485,253)	(58,738)	0	544,000	0	9
Flood Recovery	2	40,319	(530)	0	0	0	39,789
Miscellaneous		(0)	0	0	0	0	0
Total Variance to date		(444,934)	(59,268)	0	544,000	0	39,798

Note	Exceptional Items - Comments
1.	Underspend against release of £500,000 and additional grant income received. Carry forward of balance to help support on-going pressures in 2020/21.
2.	Overspend in relation to uninsured and reinstatement costs as a result of flooding caused by Storm Ciara.

SUBJECTIVE ANALYSIS

2019/20 REVENUE CARRY FORWARD REQUESTS

APPENDIX D1

Directorate/Section	Description	Requests into
		2020/21 £
<u>Corporate Support</u>		
		0
<u>Finance and Resources</u>		
Human Resources	Funding for the remaining period of a fixed term post.	12,700
		12,700
<u>Corporate Management</u>		
Direct Revenue Financing	Budgets allocated to fund capital programme where expenditure has slipped into 2020/21 and resources are required to be carried	23,700
		23,700
<u>Community Services</u>		
Policy & Communications	Funding for the remaining period of a fixed term Apprentice post.	3,800
Healthy Cities	To fund committed works to remove former 'Urban Adventure' High Ropes Course (Bitts Park) which have been delayed due to the flooding which took place in February 2020.	10,600
Neighbourhood Services	Funding for the remaining period of 3 fixed term Apprentice posts (1 within the Technical Team and 2 within Garage Services).	36,400
Small Scale Community Projects	Due to unforeseen events in 2019/20 some projects have slipped into 2020/21.	4,500
		55,300
<u>Economic Development</u>		
Community Infrastructure Levy	Required to honour existing commitments to undertake district wide CIL viability assessments as well as the viability assessments of the Stage 2 Masterplan options and preferred option.	12,400
Hadrian's Wall Heritage Site	This budget has been identified as the City Council's contribution to the preparation of the Outline Business Case (OBC) for the Hadrian's Wall Project that forms part of the wider Destination Programme that is being progressed and funded through the Borderlands Inclusive Growth Deal.	15,000
Borderlands	To undertake a masterplanning and capacity study for the Caldew Riverside site in relation to the Borderlands Citadels and Station Gateway Project.	9,700
St Cuthberts Garden Village	Required to honour existing commitments related to the St Cuthbert's Garden Village Project.	27,900
		65,000
<u>Governance & Regulatory</u>		
Homelessness Prevention Funding	To support prevention duties and activities; carry out homelessness activities in line with the principles of the Homeless Reduction Act.	64,900
Asset Disposal	Funding for the continuation of fixed term posts to enable the Asset Disposal programme to proceed as planned.	45,400
		110,300
<u>Exceptional Items</u>		
CoronaVirus Actions	The Corporate Director of Finance and Resources approved the release of an initial £500,000 from General Fund Reserves to fund any expenditure in relation to the Coronavirus pandemic which is outwith the current budgetary provisions.	544,000
		544,000
Total General Fund Carry Forward Requests		811,000

2019/20 REVENUE RESERVE REQUESTS

APPENDIX D2

Reserve/Provision	Purpose	Management of the Reserve	Approval to Release Funds	2020/21 In to Reserve £	Total £
NEW Waverley Viaduct	A reserve to earmark funds towards the development of the Waverley Viaduct.	Management of the Reserve rests with the Corporate Director of Governance and Regulatory Services	Approval to release funds from the reserve only be given by the Corporate Director of Governance and Regulatory Services.	30,000	30,000
EXISTING Apprentice Infrastructure	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 Chief Finance Officer in consultation with the relevant Chief Officer.	24,100	24,100
Flood Reserve	A reserve to contribute towards flood recovery costs that are not recoverable from insurers	Management of the Reserve rests with the Corporate Director of Finance and Resources	Approval to release funds from the reserve only be given by an Officer Decision Notice by the Corporate Director of Finance and Resources.	94,000	94,000
Carry Forward Reserve	A reserve to hold carry forward budgets. Any expenditure in relation to a carry forward listed will if possible be funded from base budgets but can be called from this reserve if the section is likely to be in an overspend position at year end. Emergency Planning: Multi Agency Food Plan Environmental Support: Environmental clean up and enforcement England Originals: proposed match funding to grant application submitted to Discover England Fund Town Twinning: events take place every 2 years Building & Facilities: Planned and Reactive Maintenance	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 and/or The Chief Executive.	5,400 24,100 7,900 6,000 83,500	126,900
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.		1,150,837
Community Services	Health and Wellbeing: Grazing Land Management			44,700	
Community Services	Partnerships: Your Place funding for Place Co-ordinator			52,274	
Governance & Regulatory Services	Regulatory Services: Warm Homes Fund			3,698	
Governance & Regulatory Services	Regulatory Services: Community Neighbours			24,258	
Governance & Regulatory Services	Regulatory Services: Gas Safe 2019/20			1,969	
Governance & Regulatory Services	Homeless Prevention and Accommodation: Rough Sleeping Initiative			68,314	

2019/20 REVENUE RESERVE REQUESTS

APPENDIX D2

Reserve/Provision	Purpose	Management of the Reserve	Approval to Release Funds	2020/21 In to Reserve £	Total £
Governance & Regulatory Services	Homeless Prevention and Accomodation: Rapid Rehousing Pathway			108,382	
Governance & Regulatory Services	Homeless Prevention and Accomodation: Flexible Homelessness Support Grant			87,225	
Governance & Regulatory Services	Homeless Prevention and Accomodation: Homeless Reduction Act New Burdens Grant			21,580	
Governance & Regulatory Services	Homeless Prevention and Accomodation: Housing Related Support			104,832	
Economic Development	Investment & Policy: St Cuthberts Garden Village			340,650	
Economic Development	Investment & Policy: Self/Custom Build 2019/20 Burden Funding			15,000	
Economic Development	Investment & Policy: Brownfield Register and PIP Burden Funding			2,446	
Economic Development	Regeneration: Future High Street Fund			67,313	
Economic Development	Regeneration: Town Deals grant			172,848	
Economic Development	Regeneration: Hadrian's Wall Partnership Grant Year 1			25,348	
Corporate Management	Corporate Management: EU Exit preparations			10,000	
	TOTAL RESERVE REQUESTS			1,425,837	1,425,837
NEW PROVISIONS					
Working Directive Provision	To establish a provision in relation to costs associated with approved Working Directives			62,000	62,000
Civil Penalties Provision	To establish a provision in relation to costs to be funded from Civil Penalties income as per the Housing and Planning Act 2016			22,600	22,600
	TOTAL PROVISION REQUESTS			84,600	84,600
	TOTAL REQUESTS FOR RESERVES & PROVISIONS			1,510,437	1,510,437

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 22 JUNE 2020

EX.54/20 **PROVISIONAL GENERAL FUND REVENUE OUTTURN 2019/20
(Key Decision – KD.05/20)

(In accordance with Paragraph 15(i) of the Overview and Scrutiny Procedure Rules, The Mayor had agreed that call-in procedures should not be applied to this item)

Portfolio Finance, Governance and Resources

Relevant Scrutiny Panel Business and Transformation

Subject Matter

The Deputy Leader submitted report RD.01/20 summarising the 2019/20 provisional outturn for the General Fund revenue budget and giving reasons for variances. The outturn position would result in returning £485,000 to General Fund reserves (as set out in paragraph 5.3).

Requests had been made to carry forward committed expenditure of £811,000, net transfers to/from reserves and provisions of £1,510,437 and transfer to the building control reserve of £60,247 which, if approved, would result in an overall net underspend position of £69,095 on Council Services; however it was estimated that additional funding from Business Rates income of £475,000 would be realised subject to the completion of the NNDR3 return and confirmation of any pooling gains.

The Deputy Leader considered that the above demonstrated the good work undertaken by the Finance Team and Officers within the Council.

Following completion of the NNDR3 return and final confirmation of the Business Rates Pooling, £237,600 of the additional funding from business rates would be used to support the capital programme and would not be returned to general fund reserves. That would be confirmed as part of the report to Council in July 2020.

Information on the Council's bad debt provision and balance sheet; and the impact of COVID-19 was also provided at Sections 6, 7 and 8 of the report.

The information contained within the report was provisional, subject to the formal audit process. The Draft Statement of Accounts for 2019/20 would be presented to the Audit Committee on 30 July 2020, with final approval of the audited accounts on 27 October 2020.

In conclusion, the Deputy Leader moved the recommendations, which were duly seconded by the Leader.

Summary of options rejected that the creation of new reserves and transfers, and new provisions and transfers should not be approved for recommendation to Council

DECISION

That the Executive:

- (i) Note the net underspend of £2,390,532 for Council Services as at 31 March 2020;
- (ii) Note the committed expenditure totalling £811,000, to be incurred in 2020/21 which had been approved by the Corporate Director of Finance and Resources under delegated powers, and the release of £811,000 from the General Fund Reserve in 2020/21 as detailed in Appendix D1 of the report for recommendation to Council;
- (iii) Approve the creation of new reserves and transfers into and from the new and existing reserves of £1,425,837, in addition to the transfer to the building control reserve of £60,247 as detailed in paragraphs 5.1 and 5.2 and Appendix D2 of the report for recommendation to Council;
- (iv) Approve the creation of new provisions and transfers into the new provisions of £84,600 as detailed in paragraph 5.1 and Appendix D2 of the report 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