

WAVERLEY BOROUGH COUNCIL

EXECUTIVE

9 JULY 2019

Title:

GENERAL FUND FINANCIAL OUTTURN REPORT 2018/19

**[Portfolio Holder: Cllr Mark Merryweather]
Wards Affected: All]**

Summary and purpose:

This report provides a summary of the 2018/19 financial outturn against budget for the General Fund. The full Statement of Accounts will be presented for approval by the Audit Committee on 22 July 2019.

How this report relates to the Council's Corporate Priorities:

The monitoring and management of the Council's budgets ensures there is financial control over the services that contribute to the Corporate Priorities.

Resource/Value for Money implications:

This report reviews the position against the budget for the General Fund Revenue and Capital Programme. It reviews the progress made on service delivery against the 2018/19 budget.

Legal Implications:

There are no direct legal implications relating to this report.

Introduction

1. This report provides a summary of the 2018/19 General Fund outturn position and details any major variations from the budget. This report is the final budget monitoring report for the 2018/19 year and builds on the position previously reported to Members through the Quarterly Performance Reporting Process.
2. Explanations for variations have been provided in the previous performance reports. Where a new significant variation has appeared in the outturn, an explanation is provided in this report.

Revenue

3. The General Fund outturn for 2018/19 shows a **surplus** of **£257,000** (-1.9%) following proposed carry forward requests on an approved net budget of £13.2m.

4. A summary of the material variations against budget is provided in Annexe 1, most of which have been explained in previous monitoring reports to Members. Explanations of material variations against budget at outturn are provided and favourable variations are shown in brackets.
5. Services have requested a number of revenue budget carry forwards detailed in Annexe 2. The first table contains cases where expenditure has been committed but the work has not been fully implemented by 31st March 2019 therefore the budget is needed to meet the balance of costs in 2019/20. The second table contains proposals to carry forward savings to provide for important emerging spending priorities in 2019/20. Both tables are subject to the Executive's approval.
6. New accessibility regulations came into force in 2018 with the aim of ensuring public sector websites and mobile apps are accessible to all users, especially those with disabilities. Waverley's current website requires updating to meet these regulations fully. It is therefore recommended that a budget of £50,000 is provided for website upgrade in 2019/20 from the revenue savings achieved in 2018/19.
7. Additional car park income has been achieved in 2018/19 despite no car park charging increases across the borough. The surplus income achieved is £119,000 which is an increase of 2.3% on the £5.28m budget. This above budget income is mainly from increase usage but also in the original budget for 2018/19 a prudent estimate had been set to reflect closure of Dogflud Car Park in Farnham and to allow for the impact of bad weather in the winter months and these decreases in parking income were not experienced to the level expected. Within the agreed service plan a review of the car parking charging strategy is due to take place in 2019/20. To support this it is proposed that £50,000 of the above budget car parking income is transferred into an earmarked reserve to fund this review and implementation.
8. Waverley Borough Council is required to pay Apprentice Levy to HMRC monthly relating to payroll costs, which can then be utilised on staff training costs including apprentices and other specific staff training. However, there is a 2 year limit on the pot of funds before Waverley loses the right to utilise. To ensure Waverley maximises the use of the current pot of money, it is requested that the balance of funds as at year end, £22,890, is transferred into an earmarked provision, with a view to ensure staff training is undertaken before funds expire and are claimed by central government.
9. In 2018/19 commercial property income has been stable with the exception of one property acquired in 2018 and continues to have property void risk despite work of officers to lease office space. It is therefore recommended that the Commercial Property Risk Fund is increased by the balance of General Fund savings to ensure the Council can mitigate this risk in future years. The balance of savings on the General Fund available is £184,080.

Business Rate Pilot

10. In addition to the surplus on the net cost of services detailed in paragraph 3, one off additional business rate funding has also been achieved through Waverley's participation in the Surrey business rate pilot in 2018/19. The Council has approved for £250,000 of the gain to be set aside for place shaping and master planning work. In addition to this, a further £100,000 of the gain is proposed to be put aside for joint infrastructure initiatives which will lever in funding from Surrey County Council and the

M3 LEP. This is an initial contribution and in future years, like a number of the other Surrey councils, Waverley will bid for its Community Infrastructure Levy (CIL) receipts to contribute to this fund. There is a concern that Surrey is missing out on infrastructure funding through a lack of appropriate feasibility studies. Investment in project development is needed at an early stage to develop a pipeline of projects able to apply for full project funding when bidding rounds become available. A dedicated fund is needed to ensure that resources are available and ring-fenced to support project development.

The purpose of the fund is to:

- Develop a pipeline of infrastructure projects to support economic growth across Surrey;
- Reduce the risk to scheme promoters which results in feasibility studies not being carried out;
- Support investment in project development at an early stage to develop a pipeline of projects able to apply for full project funding when bidding rounds become available;
- Provide a dedicated fund to ensure that resources are available and ring-fenced to support project development;
- Ensure that projects are in the best possible position to secure external funding due to good quality feasibility work being carried out;
- Ensure that Surrey can apply for full project funding when bidding rounds become available. Other Counties have pipelines of well-developed schemes and hence are in a better position to apply for these competitive funds; and
- Develop projects that cross boundaries both within and outside Surrey. The fund will help partnership working both between local authorities and between local authorities and the LEPs.

11. As the council has been advised, there is considerable risk around the business rates funding mechanism, particularly in relation to revaluations therefore it is proposed that the balance of additional one-off income achieved in 2018/19, £262,330, is transferred to the Business Rate Equalisation Reserve to protect against future business rate income risk.

General Fund Capital

12. After rescheduling requests the **General Fund Capital** programme shows a **saving of £157,000** on a budget of £5.2m.
13. A number of projects have not yet reached completion and therefore it is requested that **£1.1m** is to be **rescheduled** into 2019/20. A summary on the projects to be rescheduled is shown in Annexe 3.

Recommendation

It is recommended that the Executive:

1. notes the outturn position on revenue and capital for 2018/19;
2. approves the budget rescheduling to 2019/20 as detailed in Annexe 2;

3. approves the transfers of surplus on the net cost of services to earmarked reserves as set out in Annexe 2;
4. approves the transfers of additional business rate pilot funding to reserves as detailed in paragraphs 10 and 11; and
5. approves the capital rescheduling to 2019/20 as detailed in Annexe 3.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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