

REVENUE OUT-TURN 2018/19

REPORT SUMMARY

This Appendix informs Cabinet of the Revenue Out-turn for 2018/19 including details of the level of General Fund Balances and reserves at 31 March 2019.

RECOMMENDATIONS

That: -

- a) The revenue out-turn indicates a variance of £0.6 million of expenditure less than budget in 2018/19.
- b) The General Fund Balances at 31 March 2019 of £10.7 million, be noted.
- c) The Earmarked Reserves totalling £59.5 million (£85.5 million subject to External Audit) be confirmed.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 Local authorities have to produce an Annual Statement of Accounts which demonstrates the financial performance of the Council for the year and the financial position at the end of the period. The full Statement is approved by Audit & Risk Management Committee on behalf of the Council.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options were considered. There is a legal requirement to publish the Statement of Accounts by 31 July 2019.

3.0 BACKGROUND INFORMATION

MONITORING 2018/19

- 3.1 The 2018/19 Budget was agreed by Council on 5 March 2018. Changes since the approval of the budget have been detailed in the tables below and comprise variations approved by Cabinet / Council including approved virements; budget realignments reflecting changes to the Councils organisational structure and responsibilities; the allocation of savings and the contingency; any technical adjustments. In Table 1 the budget is aligned to directorates.

Table 1: 2018/19 Original & Revised Net Budget by Directorates

	Original Net Budget	Budget Change During Year	Revised Net Budget
	£000	£000	£000
Economic & Housing Growth	3,114	22,443	25,557
Delivery Services	47,486	18,347	65,833
Strategy & Partnerships	46,062	-27,826	18,236
Care & Health	93,667	-1,796	91,871
Children's Services	77,142	12,429	89,571
Business Management	33,049	-22,253	10,796
Net Cost of Services	300,520	1,344	301,864

- 3.2 In-year an additional £1.1 million capital receipts funding for Children's Services transformation programme (revenue) was brought forward from 2017/18 (agreed at cabinet on the 26 November 2018). In addition, coastal car parking saving proposal of £0.25 million was cancelled and the sum funded from general fund balances. This summarises the base budget increase of by £1.3 million.
- 3.3 Throughout the financial year Cabinet received Revenue Monitoring reports for each quarter. The last monitoring report, for Quarter 3 (Cabinet 18 February 2019) projected a General Fund overspend of £0.72 million this being attributable to Delivery Services in its entirety with all other directorates showing a balanced position. The majority of this predicted overspend was due to savings failing to be delivered.

2018/19 Outturn

- 3.4 The draft (audit work is being undertaken at present, the outcome of which may impact on final figures) 2018/19 out-turn position illustrates a positive variance of £0.6 million. This represents a difference of £1.32 million from the quarter 3 forecast, equal to 0.4% of the net budget position. The movement stems from greater than expected returns on treasury management activity.
- 3.5 Financial Monitoring activity recorded the progress made by directorates throughout the year. Several of the favourable variances in 2018/19 were either one-off, e.g. minimising the financing costs of the Capital programme through effective cashflow management or have been reflected in the 2019/20 budget, e.g. underspends within the transformation budget that have been carried forward. This means that while the final position for the year was favourable, it is largely attributable to defined activity that does not translate to on-going savings.

Table 2: 2018/19 Actual Variations by Directorate

Directorates and reasons for variances from budget	Budget £million	Outturn £million	Variance £million
Economic & Housing Growth: Local Plan and Wirral Growth Company pressures developed in year. They were funded from the use of one-off funding and reserves.	25.6	25.6	0
Delivery Services: Adverse variance reflects the non-achievement of savings e.g. expected contract efficiencies on bin collection and targeted garden waste income within Waste and Environment.	65.8	67.0	(1.2)
Strategy & Partnerships: Numerous, small, positive variances were offset by adverse variances led to a balanced budget position in this area. Most notable variances are vacancy savings in Constituencies budgets offsetting an under-resourced establishment in the Intelligence & Performance team.	18.2	18.2	0
Care & Health: Pressures on Adult Social Care have been contained through actions to managed demand related costs.	91.9	91.9	0
Children's Services: Pressures in Social Care and Schools (Special Education Needs costs in special and mainstream schools increased significantly during the year) have largely been managed through the phasing of staffing changes. Additional costs in relation to schools (the total increase in Special Education Needs not met by staffing phasing) have been reserve funded form the DSG reserve.	89.6	89.6	0
Business Management: Treasury Management activities have produced a positive variance positions, mainly attributable to minimising the financing costs of the Capital programme through effective cashflow management.	10.8	8.9	1.8
OVERALL UNDERSPEND	301.9	301.3	0.6

- 3.6 The net underspend of £0.6 million at the year-end has been transferred to General Fund Balances.

LEVEL OF GENERAL FUND BALANCES

- 3.7 The level of balances is locally determined using a risk-based assessment which takes into account the strategic, operational and financial risks facing the Council. The approach was adopted during 2018/19 and Cabinet 18

February 2019 agreed to the level of balances being set at, or above, the locally determined figure.

- 3.8 The General fund balance as at the end of 2018/19 is £10.7 million.

Table 4: Summary of the General Fund balances

Details	£m
Balance at 31 March 2018	24.8
Less: Contribution to 2018/19 Budget	-16.0
Add : Collection Fund Surplus	+1.4
Add : Outturn 2018/19 Underspend	+0.6
Less: Contributions to Reserves and in-year support to specific items	-0.1
Actual Balance 31 March 2019	10.7

The former Audit Commission guidance for good financial management and resilience was that general fund balances should be between 3% and 5% of the net budget. The general fund balance of £10.7 million represents 3.8% of the net budget.

COLLECTION FUND

- 3.9 During 2018/19 the Council was part of the Liverpool City Region 100% Business Rates Retention Pilot. Under the arrangement the Council retains 100% of the business rates collected, with certain grant payments such as Revenue Support Grant ceasing but being compensated for via the higher percentage of business rates retention.
- 3.10 The Collection Fund comprises Council Tax and Business Rates balances which are apportioned separately in accordance with relevant legislation. The Council Tax element was in surplus at the end of the year, whilst the Business Rates element was in a deficit position. The shares that related to Wirral are set out below.

Table 5: Collection Fund Balance As At 31 March 2019

	£000
Council Tax	1,159
Business Rates (NNDR)	-318
Net Surplus	841

- 3.11 For 2018/19 the Fund showed a surplus of £0.84 million. Surplus elements are distributed to the relevant precepting authorities whilst deficits are recovered in future years through the fund.

PROVISIONS FOR BAD DEBTS

- 3.12 Performance on the recovery of debts are contained in the Collection Summary 2018/19 which details the level of debts at the year-end and debts written-off in the year.

Table 6: Provision for Bad Debts

	At 31 Mar 2019	At 31 Mar 2018
	£000	£000
General Fund		
Sundry Debtors	9,044	8,137
Summons Costs	903	836
Housing Benefit	9,647	9,927
Collection Fund		
Business Rates	3,081	3,082
Council Tax	11,768	10,252

RESERVES

- 3.13 The Council maintains a number of reserves that earmark funding for likely future activity. A review of reserves is carried out as part of the annual budget setting process. Overall movement in reserves was £4.7 million for 2018-19 (made up of £31.3 million additions to, and £26.6 million contributions from, reserves). There is a new reserve of £26m for the repayment of future debt that is still subject to External Audit approval so is not included in the figures above. The categories of reserves are as follows: -

Category and Purpose
INSURANCE AND TAXATION Assessed liabilities including potential cost of meeting outstanding Insurance Fund claims, Business Rates appeals, etc.
TRANSFORMATION Support the Transformation programme, which includes support to projects to deliver future savings and the reconfiguration of services.
SCHOOLS RELATED Balances and sums for school-related services which can only be used by schools and not available to pay for Council services.
SUPPORT SERVICE ACTIVITIES AND PROJECTS Includes Government Grant funded schemes when the grant is received and spend incurred in the following year and sums held that are earmarked for the completion of programmes such as Community Asset Transfer, planned maintenance and parks improvements.

- 3.14 A full list of earmarked reserves can be found at note 10. - Statement of Accounts 2018/19.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The Revenue out-turn for 2018/19 showed an underspend of £0.6 million. The General Fund Balances at 31 March 2019 were £10.7 million. The Earmarked Reserves at 31 March 2019 totalled £85.5 million.

5.0 LEGAL IMPLICATIONS

- 5.1 Local authorities have to produce an Annual Statement of Accounts which demonstrates the financial performance of the Council for the year and the financial position at the end of the period. The Accounts must comply with the Code of Practice on Local Authority Accounting. There is a legal requirement to publish the Statement of Accounts each year.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1 There are no staffing, IT or asset implications arising directly from this report.

7.0 RELEVANT RISKS

- 7.1 There are none associated with this report which provides a summary of the Council's financial affairs for 2018/19 and the balances at 31 March 2019.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 This is an end of year report. Consultation takes place as part of the planning and implementation of specific schemes within the Council Budget.

9.0 EQUALITIES IMPLICATIONS

- 9.1 There are no implications arising directly from this report being a report on the overall financial affairs for the financial year just completed.

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REFERENCE MATERIAL

CIPFA Code of Practice on Local Authority Accounting In the UK 2018/19.
Local Government Act 2003 and subsequent amendments.
Local Government (Capital Finance and Accounting) Regulations 2008.
Accounts and Audit Regulations 2015.

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Out-turn 2016/17	16 July 2017
Cabinet - Out-turn 2017/18	16 July 2018
Cabinet – Budget 2017/18	20 February 2017
Council – Budget 2017/18	6 March 2017
Cabinet – Budget 2018/19	19 February 2018
Council – Budget 2018/19	5 March 2018
Cabinet – Revenue Monitoring 2018/19	Quarterly reports