

**CABINET**  
25 JULY 2019

**REVENUE BUDGET MONITORING – OUTTURN 2018/19**

1. Summary

1.1 To inform Members of the detailed final pre-audit 2018/19 figures for the General Fund and Housing Revenue Account, including reasons for significant variances compared to the probable outturn.

2. RECOMMENDATION

2.1 That the 2018/19 outturn for the General Fund and Housing Revenue Account, together with the reasons for significant variances compared to probable outturn, be noted.

3. Background and Discussion

3.1.1. The original budgets for 2018/19 were approved by the Council on 26 February 2018. Monitoring reports have been submitted throughout the year and, where necessary, virements have been approved.

3.1.2. The Council, at its meeting on 25 February 2019, considered and approved the budget for 2019/20. An integral part of this process was the estimate of the “probable outturn” for 2018/19.

3.1.3. Attached as Appendix A to this report is the General Fund Summary which shows the:

Original budget – as approved by the General Assembly of the Council on 26 February 2018.

Current Budget – original budget plus any virements approved during the year.

Probable Outturn – indicative outturn position as reported to the General Assembly of the Council on 25 February 2019.

Provisional Outturn – provisional actual outturn for the year.

Variance – the difference between probable outturn and provisional actual outturn.

The outturn on service budgets for the General Fund was £11,022,000. This was £1,163,000 less than was allowed for when preparing the probable outturn in February. After inclusion of inflation, bad debt provision adjustments and HRA recharge, the total

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underspend compared with the probable outturn is adjusted to £1,194,635. Appendix B details the larger variances between the probable outturn and the provisional final outturn on service budgets. There were also many other reductions of smaller amounts.

- 3.1.4. Retained business rate income was £2.58m higher than that budgeted. This is mainly due to the following two factors:
- Pool Growth funds of £0.48m were not included in the projection as the funds are transferred directly to a reserve for economic development projects.
  - Pilot Financial Stability Funds of £1.1m were receivable in the year but were not included in the probable outturn as the performance across the area could not be guaranteed.
  - Pilot Economic Development Funds of £1m were receivable in the year but were not included in the probable outturn as the performance across the area could not be guaranteed. The expenditure of this money needs agreement with the North Kent cluster.
- 3.1.5. Due to Collection Fund accounting regulations, not all of the Council's share of the retained rates fund is included in year. Another £712,000 remains in the Collection Fund for future distribution.
- 3.1.6. Other general grants received of £195,000 (announced during the year).
- 3.1.7. In accordance with delegated authority powers, the Managing Director transferred an additional £2,575,000 into earmarked reserves. The balance on the General Fund at 31 March 2018 was £3.740m.
- 3.1.8. The summary Housing Revenue Account (HRA) is attached as Appendix C. The HRA made a deficit for the year of £0.607m compared with a projected deficit of £1.244m. The balance carried forward is £12.3m. Members are reminded of the need to ensure sufficient funds are held to meet the maturity loan of £5m payable in 2022. A commentary on the significant variances is given in Appendix D.
- 3.1.9. Some expenditure is funded from the Identified Initiatives Reserve; in 2018/19 this amounted to £241,000. Other Expenditure from reserves totalled £639,000. Expenditure from reserves is not constrained within the year of account.

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3. Relationship to the Corporate Plan

Not applicable.

4. Financial, legal, staffing and other administrative implications and risk assessments

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| Financial Implications      | <p>Net Expenditure on General Fund Services was £2.167m lower than the Original Budget. Non Service income was £2.77m higher mainly due to higher than budgeted business rate income. The result was that reserves contributions were not required as per the original budget and an additional £3.5m was allocated to specific reserves.</p> <p>At 31 March 2019 the balance on the General Fund was £3.740m with earmarked reserves of £33.4m.</p> <p>The balance on the HRA at 31 March 2019 was £12.33m.</p> <p>The Council's accounts for 2018/19 will be signed off after the completion of the audit in July. Until the accounts are signed off, figures in this report remain provisional.</p> |
| Legal Implications          | None   |
| Staffing Implications       | None   |
| Administrative Implications | None   |
| Risk Assessment             | The accounts are in draft and subject to audit.  |

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5. Appendices

- Appendix A: General Fund Summary Outturn
- Appendix B: Commentary on General Fund Variances
- Appendix C: Housing Revenue Account Outturn
- Appendix D: Commentary on Housing Revenue Account Variances

BACKGROUND PAPERS

| <u>Documents consulted</u> | <u>Date</u> | <u>File Ref</u> | <u>Report Author</u>     | <u>Section and Directorate</u>           | <u>Exempt Information Category</u> |
|----------------------------|-------------|-----------------|--------------------------|--|------------------------------------|
|                            |             |                 | Tim Sams<br>01322 343148 | Financial Services/<br>Internal Services | N/A                                |