

	REPORT TO CABINET TO BE HELD ON 17 JULY 2018
	Key Decision NO Forward Plan Ref No
Corporate Priority – ALL	Cabinet Portfolio Cllr H Mallory Holder

REPORT OF THE DIRECTOR (NE) - 18/155

WARDS AFFECTED: ALL

SUBJECT: FINANCE OUTTURN REPORT 2017/18

RECOMMENDATION (S):

Cabinet is recommended to:-

- (i) Note the report, and in particular:
 - the £10k underspend on the revenue budget for 2017/18 after committing to following budgets during the year:
 - £150k for 2018 Tour de Yorkshire cycle event
 - £500k transfer to the General Fund which would be utilised to balance the revenue budget for the period 2018 to 2021;
 - the outturn position for capital schemes completed in the period and capital receipts for the 2017/18 year; and
- (ii) Approve the transfer of the £10k year end revenue underspend to a one-off events reserve;
- (iii) Accept the following grants and contributions:
 - £3k from a member of the public towards the purchase of a Sea bin to be used at Scarborough Harbour;
 - £10k from Ministry of Defence (MoD) towards the costs of the 2018 Armed Forces Day Event;
- (iv) Approve the allocation of £1,870 Section 106 monies to the Friends of Oriel Cricket and Recreation Ground to undertake remediation works to sections of the boundary wall and removal of two trees.

- (v) Approve the revised Prudential Indicators for Capital Expenditure noting that the Operational and Authorised Boundary (borrowing) limits remain unchanged from those approved by Full Council in May 2018 (18/87).

REASON FOR RECOMMENDATION (S):

- (i) To update members on the final outturn position for 2017/18 and approve the acceptance of grants and use of funds in line with the requirements of the Council's constitution.

HIGHLIGHTED RISKS:

- That the Council overcommits its available revenue and capital resources
- That reserve balances are not adequate

1. INTRODUCTION

1.1 FINANCIAL OUTTURN

1.1.1 The Council is committed to a performance management culture which underpins a focus on continuous improvement. Regular monitoring of the Council's finances is a key component of the performance management framework and Cabinet are presented with financial monitoring reports throughout the year.

1.1.2 Cabinet were presented with a financial monitoring report covering the first 3 quarters of the 2017/18 financial year (April 2017 to December 2017) in March 2018 (18/23).

1.1.3 This report provides an update on the final outturn position and reserve balances for 2017/18, a summary of how the outturn differs from the information provided to Cabinet in March 2018, and how the small year end uncommitted surplus has been allocated..

2. CORPORATE AIMS / PRIORITIES

2.1 This report covers how the Council is performing financially in relation to all Corporate Objectives.

3. BACKGROUND AND ISSUES

3.1 REVENUE BUDGET

3.1.1 In March the Quarter 3 (Q3) forecast outturn for 2017/18 was presented to Cabinet. This was based on figures available to the end of December and

showed a forecast uncommitted underspend against budget at that time of £24k.

- 3.1.2 This underspend was after committing the following budget during the year:
- £150k for 2018 Tour de Yorkshire cycle event
 - £500k transfer to the General Fund which would be utilised to balance the revenue budget for the period 2018 to 2021.

3.1.3 **The underspend reduced slightly during the final three months of the year from £24k to £10k.**

3.1.4 Whilst the overall position is broadly in line with that reported in Q3 there are some variations against projections at a service level. The outturn position by Directorate is outlined below (Appendix B provides further details):

Directorate	2017/18 Actual £'000	2017/18 Budget £'000	Surplus / (Deficit) £'000
Chief Executive	2,321	2,280	(41)
Director (Nick Edwards)	6,468	6,914	446
Director (Lisa Dixon)	(3,002)	(2,999)	3
Director (Trevor Watson)	1,359	1,522	163
Corporate Budget Heads and Core Funding	(7,156)	(7,717)	(561)*
Net Outturn	(10)	-	10

* shortfall includes £500k (transfer to General Fund) and £150k (funding of 2018 Tour de Yorkshire cycle event).

- 3.1.5 Following completion of the year end accounts, an exercise will be undertaken by Finance to highlight any recurring areas of savings that have not already been taken into account. The outcome of this exercise will be fed into the 2019/20 budget setting process.

3.2 PROPOSALS FOR UTILISING THE IN YEAR SURPLUS

FUNDING BIDS FOR CONSIDERATION

- 3.2.1 As part of the year end process, Directors and SUM's were asked to put forward funding requests for any priority areas of expenditure not currently included in the Council's approved budget. As part of this process it was explained that this route should not be used to circumvent the budget setting process and that proposals put forward would undergo the same scrutiny as they would as part of the budget setting process. A small number of bids were submitted and reviewed by DT, however it was agreed that none of the bids are deemed essential at this time.

3.6 ALLOCATION OF YEAR END SURPLUS

EVENTS BUDGET

- 3.6.1 Given the relatively small surplus generated during the year, it is recommended that this be transferred to an Events Reserve so that DT can approve small levels of expenditure during the year for specific events. In the past similar funding allocations have been used to fund events such as Armed Forces Day, P1 Powerboats, North Bay Piazza shows, Goldwings and Christmas festivities across the Borough.
- 3.6.2 DT have endorsed this transfer and Cabinet are asked to approve this allocation.

3.7.1 CAPITAL BUDGET

- 3.7.1 Major capital schemes progressed in the year include the completion of the new Leisure Village, infrastructure works within Middle Deepdale and the Futurist Theatre redevelopment.
- 3.7.2 Coastal defence and flood protection investment continued through schemes such as the Runswick Bay coastal protection works, Filey Flat Cliffs slope stabilisation and various coastal monitoring schemes. In addition the major schemes for Scarborough Spa Coastal Protection, Whitby Piers, and Filey Flood Alleviation are all in a position to start construction in 2018/19. Whitby Church Street Flood Alleviation also progressed within the year and details have been submitted to the Planning Committee with tenders soon to be advertised.
- 3.7.3 Funding for coastal defence and flood protection works continue to be predominantly sourced through the Environment Agency. However the proportion of grants received to scheme costs continue to result in significant pressure being placed upon Council resources. All those major schemes previously highlighted, with the exception of Runswick Bay and Filey Flat Cliffs slope stabilisation, require significant investment from Council resources.
- 3.7.4 The following schemes can now be reported as complete and removed from the Council's Capital Programme:

Scheme	Actual (£000's)	Budget (£000's)	Variance (£000's)	Impact on SBC resources (£000's)
Filey Outdoor Gym Equipment	10	10	-	-
Leisure Village	18,203	18,102	(101)	(101)
Lighthouse Pier Sheet Piling	57	75	18	18
West Pier Sheet Piling	27	51	24	24
Valley Gardens	13	13	-	-
Filey Flood Alleviation –	464	464	-	-

Design & planning				
Whitby Shelters	73	80	7	7
Whitby Dredger	333	402	69	69
SIV Building Works	206	206	-	-
South Bay Underground Car Park	64	67	3	3
Crematorium Equipment	20	20	-	-
Royal Albert Drive Demolition	30	30	-	-
Disabled Facility Grants	1,461	1,533	72	72
Totals	20,961	21,053	92	92

3.7.5 Details of the completed schemes, which have had an impact upon the Council's resources are detailed below.

Leisure Village

The construction of the Leisure Village has now been completed and the facility has been open for just over a year and is exceeding all expectations. The facility has been very well received by members of the public and particularly supporters of the community football ground with Scarborough Athletic FC gaining promotion in their first season back home.

The project costs have been finalised and exceed the approved budget by £101k which represents a 0.6% overspend. The principal reasons for this overspend relate to the provision of enhanced disabled access facilities over and above basic building regulations compliance, unanticipated provision of a new maintenance access to the railway line and the previously reported loss of squash association grant funding.

£50k of the net overspend has been funded from revenue savings made against the leisure operator contract in 2017/18 and the remaining £52k has been funded from the Council's Capital Contingency Reserve. The potential need for an allocation from the Contingency Reserve was highlighted to Members as part of the Quarter 3 Financial Monitoring report (ref 18/23). The draw from the Capital Contingency Reserve reduces the uncommitted reserve balance to £606k, which remains within the optimum range set out within the Financial Strategy.

Lighthouse Pier Sheet Piling

Following the commissioning of a report in relation to the integrity of the sheet pilings, urgent works were deemed to be required in order to address general corrosion issues and holes within the structures.

The work is now complete and is £18k under budget. This saving is primarily due to a modification in the chosen repair solution. Originally it had been envisaged that welded plate repairs would be undertaken together with concrete infill but the final scope saw an alternative grout injection technique which negated the requirement for plate repairs.

The £18k saving is a direct benefit to Council resources and will be allocated back to the Capital Development Reserve.

West Pier Sheet Piling

Once again, following the same commissioned report as detailed above, this scheme was established in order to repair holed sections of the pilings and replace any lost material in order to maintain the integrity of the structure.

The work to the West Pier piling is now complete, with the exception of a single hole to the eastern bullnose which is expected to cost £5k. A budget saving of £24k is expected from this scheme mainly due to savings made in the time taken for the Contractor to undertake the work.

The £24k saving is a direct benefit to Council resources and will be allocated back to the Capital Development Reserve.

Whitby Shelters

Three Grade 2 listed shelters in Whitby were affected by storm damage in late 2015. Following inspection of the shelters it was agreed that the structures were beyond practical repair and would have to be rebuilt.

Throughout the construction of the shelters a combination of a slightly reduced level of detailing and material variation on the shelters assisted in the final works being £7k under budget. The funding for these works was through the Councils Insurance Reserve and the underspend has therefore been transferred back to the same reserve.

Whitby Civic Society has awarded the Council a Certificate of Excellence in recognition of the extremely high standard of work undertaken to replace the damaged shelters, with an impressive level of care taken in incorporating original salvaged features with like for like replacements for the components that were beyond repair.

Whitby Harbour Dredger

This scheme incorporated the procurement and installation of a replacement excavator on to the self-propelled split hopper barge "Sandsend". Following this installation the 2nd vessel the "Saltwick" was to be made redundant due to its poor condition.

It is pleasing to report that while some minor costs are still to be incurred the overall scheme is anticipated to be £69k below budget. It was envisaged at the inception of the budget that lead ballast would be required to be filled into a tank at one end of the barge in order to counter act the additional weight of the newly attached excavator. The lead ballast was not required saving the project £20k and, with other costs being in line with budget, the allocated contingencies were not required.

The works on the dredger were funded from the Whitby Harbour Dredger reserve and therefore this saving will be transferred back to that reserve.

South Bay Underground Car Park

These works were required in order to carryout essential repairs to the beams running across the South Bay underground car park. These works have been completed £3k under budget and this saving will be allocated back to the Capital Development Reserve.

Disabled Facility Grants

Within the Capital Programme the Council undertakes a rolling provision of Disabled Facility Grants (DFG's). The provision of these grants is budgeted to be 100% externally funded via the Better Care Fund pool allocated to Upper Tier Authorities. It is vital that the entirety of these DFG allocations are passed down as the statutory duty to provide adaptations remains in place with District Councils.

The Grant allocation received in the year totalled £1,358k, being an increase of £213k from the previous year. This increase reflects a national commitment made by the Government to increase levels of capital funding in order to help Local Authorities enable disabled, elderly and vulnerable people to live independently. In addition to the grant funding received in year a further £157k of unallocated funds were carried forward, resulting in available funds of £1,515k.

Expenditure within the 2017/18 financial year totalled £1,461k, of this £18k related to non-eligible works fully funded by clients and therefore not impacting upon the funds available. In total therefore £1,443k of the £1,515k grant funding was utilised within the year. The remaining allocation of £72k has been rolled forward to meet the anticipated levels of demand within the 2018/19 financial year.

3.7.6 Use of Capital Budget Underspends

As a result of the outturn position on the above capital schemes the available balance within the Capital Development Reserve will increase by £45k (£18k Lighthouse Pier Piling, £24k West Pier Sheet Piling, £3k Underground Car Park Repairs).

It is proposed that the £45k capital underspends be retained within the Capital Development Reserve in order to help balance the long term Capital Programme.

3.7.7 Capital Receipts

The capital plan included a net capital receipts target (excluding leisure village enabling sites and Manor Road Nursery assets) of £740k for the 2017/18 financial year. This capital receipts target included specific receipts for the disposal of the old public conveniences at Khyber Pass in Whitby and the reclamation of expenditure incurred on Whitby Golf Club. These disposals did not complete within the year and have therefore been rolled forward into the 2018/19 financial year.

Cash receipts in the year exceeded the target built into capital projections by £17k. The most significant receipts in the year were for the sales of land at Holy Tree Court and Fairfield Way. This additional funding will be retained within the Capital Development Reserve.

3.8 NEW CAPITAL SCHEMES AND FUNDING CONTRIBUTIONS

3.8.1 There are no new capital schemes seeking approval as part of this report

3.9 ACCEPTANCE OF EXTERNAL FUNDING

3.9.1 There are no capital grants to be approved as part of this report

3.10 SECTION 106 GRANTS

3.10.1 The Council holds monies received under the terms of Section 106 of the Town and Country Planning Act 1990. These monies are received as contributions towards various infrastructure projects throughout the Borough.

3.10.2 The Council received a sum of £1,870 from the developers of a site at Oriel House, Scarborough. The conditions of the Section 106 agreement state that the monies shall be used “towards the provision, improvement and/or enhancement of the open space”. The Friends of Oriel Cricket and Recreation Ground, in conjunction with the Councils Parks Department, have subsequently developed a suitable scheme of works.

3.10.3 The main focus of the works is the remediation of sections of the boundary wall which has seen bricks come loose and subsequently fall onto the street. In addition there is the removal of 2 trees, one being diseased and the other damaging a retaining wall, both of which will be replaced.

3.1.4 The Friends Group have received quotes for the works and sought advice from the Councils Parks Department. It is recommended Members approve an allocation, by way of a grant, to the Friends Group for £1,870 being the equivalent value of the Section 106 monies received. The Friends Group will then subsequently project manage the related works in consultation with Council Officers.

3.11 RESERVES

3.11.1 The levels of corporate reserves as at the Balance Sheet date were within the optimum ranges set out in the Financial Strategy. Further details of the Council’s reserves are provided in **Appendix C** to this report.

4. ASSESSMENT

4.1 REVENUE BUDGET – PROPOSALS FOR UTILISING THE IN YEAR SURPLUS

4.1.1 Sections 3.1 of this report outlines that a small surplus was generated during 2017/18 of £10k. There is, therefore, minimal funding available to progress priority schemes. It is proposed that this be transferred to an Events Reserve so that DT can approve small levels of expenditure during the year for specific events.

4.2 CAPITAL BUDGET – PRUDENTIAL CODE REQUIREMENTS

4.2.1 The Financial Strategy, presented to Full Council in March, set out the Prudential Indicators that are used in demonstrating that the Capital Programme is affordable, prudent and sustainable. These indicators were updated in May 2018 as part of the Commercial Property Investment Strategy (18/87).

4.2.2 The outturn indicator and estimates for capital expenditure and for the capital financing requirement are revised as follows:

Prudential Indicators	2017/18 Outturn (£000's)	2018/19 Estimate (£000's)	2019/20 Estimate (£000's)
Capital Expenditure – as restated in the Commercial Property Investment Strategy	29,919	58,627	2,846
Revised Capital Expenditure	11,685	84,293	3,891
Closing Capital Financing Requirement – as restated in the Commercial Property Investment Strategy	19,191	54,341	53,102
Revised Capital Financing Requirement	21,802	54,346	53,107

4.2.3 The lower capital expenditure in the outturn figure for 2017/18 is primarily a result of slippage in scheme expenditure of £16,077k, with £66k of identified savings against budget, while £2,091k relates to changes in the budget primarily involving coastal protection schemes.

4.2.4 The increase in expenditure estimates for 2018/19 reflects scheme slippage from 2017/18 together with the addition of new schemes identified since the publication of the Financial Strategy and variations to existing schemes. An appropriate set aside of grants, contributions and capital receipts are matched to the variations in expenditure.

4.2.5 The projections for the closing Capital Financing Requirement (CFR) assumed that the old sports centre site on Filey Road would be sold within the 2017/18 financial year and the receipt would be used to repay net borrowing on the leisure village scheme. The higher CFR at the end of 2017/18 reflects that the sale did not take place during the year. The sale is however progressing well and is on schedule to take place during 2018/19.

5. IMPLICATIONS

(a) Policy

5.1 No direct implications.

(b) Financial

5.2 The financial implications are set out in the report.

(c) Risk

5.4 Risk Matrix attached (**Appendix A**).

(d) Legal

5.5 No direct implications.

(e) Environmental and Sustainable Development

5.7 No specific implications, though many of the Corporate priorities are linked to Economic and Sustainable Development.

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Background Papers:

Previous Monitoring reports (17/192 Cabinet September 2017, 17/237 November 2017, 18/23 March 2018), 18/43

Financial Strategy (Council March 2018)

IF YOU HAVE ANY QUERIES ABOUT THIS REPORT OR WISH TO INSPECT ANY OF THE BACKGROUND PAPERS, PLEASE CONTACT NEIL HUGHES ON 01723 232357 e-mail neil.hughes@scarborough.gov.uk

Risk Matrix

Risk Ref	Date	Risk	Consequences	Mitigation	Current Risk Score	Target Score	Service Unit Manager/ Responsible Officer	Action Plan
1	July 2018	Resources are overcommitted	<ul style="list-style-type: none"> - Cuts in Services - Non delivery of priorities - Insufficient reserves 	<ul style="list-style-type: none"> - Long-term Financial Strategy - Strong budget monitoring procedures - Pre-determined minimum levels for reserve balances 	B4	B4	Director NE / Corporate Finance Manager	None
2	July 2018	Financial Management arrangements not in place	<ul style="list-style-type: none"> - Overspends and requirement to draw from General Fund Reserve - External Auditor criticism 	<ul style="list-style-type: none"> - Robust budget monitoring process - Quarterly monitoring reports to Cabinet 	B4	B4	Director NE / Corporate Finance Manager	None

Glossary of Terms

Risk	An event which may prevent the Council achieving its objectives
Consequences	The outcome if the risk materialised
Mitigation	The processes and procedures that are in place to reduce the risk
Current Risk Score	The likelihood and impact score with the current mitigation measures in place
Corporate Objectives	An assessment of the Corporate Objectives that are affected by the risk identified.
Target Risk Score	The likelihood and impact score that the Council is aiming to achieve
Service Unit Manager	The Service Unit or Officer responsible for managing the risk
Action Plan	The proposed actions to be implemented in order to reduce the risk to the target score

Risk Scoring

Impact	5					
	4					
	3					
	2					
	1					
		A	B	C	D	E
	Likelihood					

Likelihood:

A = Very Low
 B = Not Likely
 C = Likely
 D = Very Likely
 E = Almost Certain

Impact

1 = Low
 2 = Minor
 3 = Medium
 4 = Major
 5 = Disaster

FINANCIAL OUTTURN BY SERVICE

The following tables outline the year end outturn by Director and Service.

Service	Actuals	Budget	Outturn	Q3 Forecast
DIR01 - Chief Executive				
S404 Capital and Procurement Unit	104	114	10	-
S901 Corporate	141	24	(117)	(118)
S004 Electoral Services	222	242	20	12
S301 HR and Health and Safety	323	334	11	4
S416 Internal Audit	147	137	(10)	(15)
S802 IT Services	899	937	38	22
S028 Land Drainage and Coast Protection	284	286	2	-
S710 Marketing and Events	3	-	(3)	-
S424 Public Relations	47	54	7	-
S430 Senior Management Team and Support	151	152	1	-
	2,321	2,280	(41)	(95)
DIR06 - Director (Nick Edwards)				
S401 Accountancy	333	336	3	-
S402 Accounts Receivable and Payable	184	197	13	8
S405 Cash Collection and Administration	98	112	14	(2)
S406 Choices 4 Energy	(5)	(5)	-	-
S003 Corporate Management	157	170	13	5
S043 Decorative Lighting	(1)	(1)	-	-
S065 Depots and Admin Buildings	133	119	(14)	(20)
S410 Emergency Planning	22	21	(1)	-
S411 Energy Management	123	123	-	-
S412 Environmental Health and Safety	74	68	(6)	-
S413 Estates and Asset Management	243	242	(1)	-
S210 Home Improvement Agency	(62)	(28)	34	-
S414 Housing and Homelessness	766	789	23	78
S415 Housing Benefits administration	613	798	185	150
S055 Housing Benefits Subsidy	(441)	(366)	75	-
S028 Land Drainage and Coast Protection	(185)	(185)	-	-
S006 Local Taxation	(69)	(78)	(9)	6
S704 Parks and Open Spaces	1,668	1,634	(34)	(22)
S033 Property Services Operational Unit	(73)	(77)	(4)	-
S027 Public Clocks and Fountains	1	-	(1)	-
S703 Public Conveniences	180	194	14	-
S425 Redevelopment Projects	4	3	(1)	-
S426 Refuse Collection and Street Cleansing	2,558	2,700	142	57
S428 Rental Properties	3	6	3	-
S061 Scarborough Harbour	(462)	(350)	112	99
S430 Senior Management Team and Support	112	111	(1)	-
S432 Street Seats, Lighting and Name Boards	7	7	-	-
S433 Transport and Vehicles Maintenance	712	651	(61)	-
S434 Transport Section 106 Agreements	33	33	-	-
S062 Whitby Harbour	(258)	(310)	(52)	11
	6,468	6,914	446	370

FINANCIAL OUTTURN BY SERVICE

Service	Actuals	Budget	Outturn	Q3 Forecast
DIR07 - Director (Lisa Dixon)				
S438 Beach Chalets	(162)	(167)	(5)	-
S437 Beaches	189	187	(2)	-
S405 Cash Collection and Administration	50	55	5	-
S064 CCTV	231	200	(31)	-
S204 Cemeteries and Crematorium	(777)	(786)	(9)	(25)
S407 Community Centres	(29)	(21)	8	-
S409 Corporate Costs	2	7	5	-
S412 Environmental Health and Safety	640	672	32	(8)
S417 Legal Services	222	254	32	(17)
S205 Licensing	(202)	(204)	(2)	-
S005 Local Land Charges	(21)	(22)	(1)	-
S710 Marketing and Events	40	41	1	-
S419 Member and Mayoral Expenses	324	331	7	-
S707 Outdoor Leisure Sites	(358)	(358)	-	13
S420 Outdoor Playing Fields and Amenities	(9)	(19)	(10)	(7)
S024 Parking Off Street	(4,069)	(4,102)	(33)	70
S422 Print Plus	150	212	62	-
S423 Procurement Unit	50	46	(4)	-
S427 Regulatory, Governance, Performance and Admin	433	457	24	7
S428 Rental Properties	(25)	(27)	(2)	-
S430 Senior Management Team and Support	139	117	(22)	-
S702 Theatres	179	128	(51)	(48)
	(3,003)	(2,999)	4	(15)
DIR08 - Director (Richard Bradley)				
S407 Community Centres	4	6	2	(5)
S009 Community Partnerships and Safety	460	480	20	9
S803 Customer Services	374	386	12	-
S043 Decorative Lighting	44	48	4	-
S011 Economic Development	182	155	(27)	(21)
S413 Estates and Asset Management	146	168	22	25
S007 Grants	248	248	-	-
S706 Indoor Leisure Sites	18	15	(3)	-
S012 Industrial Units	(92)	(89)	3	-
S028 Land Drainage and Coast Protection	4	-	(4)	-
S710 Marketing and Events	426	422	(4)	-
S060 Markets	(139)	(214)	(75)	(40)
S421 Outsourced services	1,678	1,675	(3)	-
S013 Planning	309	403	94	131
S426 Refuse Collection and Street Cleansing	(825)	(724)	101	75
S428 Rental Properties	(1,614)	(1,632)	(18)	(11)
S430 Senior Management Team and Support	63	87	24	-
S431 Sports Development	39	37	(2)	-
S804 Tourist Information Centres	34	51	17	-
	1,359	1,522	163	163

FINANCIAL OUTTURN BY SERVICE

Service	Actuals	Budget	Outturn	Q3 Forecast
Corporate Budget Headings				
S901 Corporate	514	514	-	-
S409 Corporate Costs *	3,579	3,022	(557)	(393)
S008 Treasury Management	68	81	13	-
Insurance	1,001	1,001	-	-
External Interest Payable	402	408	6	-
Business Rates	660	657	(3)	-
MRP (Minimum Revenue Provision) & Finance leases	1,075	1,073	(2)	-
Property Repairs	518	515	(3)	-
Hard Standings	477	477	-	-
Utilities	674	615	(59)	-
Telephony	136	139	3	-
Other Staffing Costs (including apprentice Levy)	120	130	10	-
Other	(645)	(625)	20	-
Core Funding				
Revenue Support Grant	(1,231)	(1,231)	-	-
Retained Business Rates Income and Transfer to SIF	(4,809)	(4,809)	-	-
Council Tax Precept	(8,326)	(8,326)	-	-
New Homes Bonus	(1,122)	(1,112)	10	-
Other DCLG Core Funding and Transfer	(27)	(27)	-	-
Collection Fund (Surplus) / Deficit and Transfer to SIF	(219)	(219)	-	(6)
	(10)	-	10	24

* the shortfall on the corporate line includes £500k (transfer to General Fund) and £150k (funding of 2018 Tour de Yorkshire cycle event).

OPERATIONAL RESERVES

The 2018 Financial Strategy outlined the forecasted level of reserves at 31 March 2018 and a summary of these expected balances together with the draft outturn is outlined below:

	Fin Strat Forecast £'000	Outturn Position £'000	Uncommitted £'000	Note
General Reserve	3,026	3,026	2,526	1
Insurance Reserve	1,720	1,977	1,622	2
Capital Contingency Reserve	757	705	505	3
Capital Development Reserve (including Usable Capital Receipts Reserve)	9,185	14,152	-	4
Section 106 and Commuted Sums	2,776	3,094	-	4
Pension reserve	1,090	1,091	1,091	5
Operational Reserves	2,937	4,023	-	6
Specific Reserves (including Harbours and Revenue Grant Contributions Unapplied)	958	3,100	254	7
	22,450	31,168	5,998	

Note 1 – General Fund

The General Fund Balance at 31 March 2018 stood at £3.026m. With £500k being drawn from the General Fund to balance the revenue budget for the period 2018 to 2021, the uncommitted balance on the General Fund is currently £2.526m which is within the optimum range set out within the Financial Strategy.

Note 2 – Insurance Reserve

The Insurance Reserve balance at 31 March 2018 was £1.977m; £355k of which is committed. The uncommitted balance of £1.622m is considered to be adequate.

Note 3 – Capital Contingency Reserve

The Capital Contingency Reserve balance at 31 March 2018 is £705k; £200k of which is currently committed for the Futurist scheme. Contributions of £100k are scheduled to be paid into the reserve during the 2018/19 year therefore the balance is considered to be adequate.

Note 4 – Capital Reserves

The variations compared to the budgeted position largely relates to slippage in capital expenditure.

Note 5 – Pension (employee termination) reserve

The Pensions Earmarked Reserve balance at 31 March 2018 was £1.090m. Whilst the balance is currently in excess of the range outlined above, it is recognised that the reserve could be subject to particular strain over the short to medium term as the Council delivers the high levels of savings required to balance its revenue budget.

Note 6 – Operational Reserves (SIF)

Appendix C2 provides additional information on year end operational reserves (SIF balances) and compares the draft outturn position to the forecast provided within the Financial Strategy.

OPERATIONAL RESERVES

Operational reserves are intended to be used to support future operational requirements and specifically include funding that has been received towards the end of 2017/18 to support services and activities during 2018/19 (and beyond).

A review will be undertaken to determine which reserves are no longer required later in the year and the outcome of this will be reported to Members and be fed into the 2019/20 budget setting process.

Note 7 – Specific Reserves (including Harbour Reserves)

These balances include the Investment Reserve, which provides funding for projects that will deliver future savings. As at 31 March 2018 the Investment Reserve balance stood at £2.452m. Only £254k of this reserve balance remains uncommitted. Since presenting the 2018 Financial Strategy the following costs have been committed from the Investment Reserve:

- £50k: Wi-fi enabled cameras for Whitby (will generate annual savings of £17k)
- £30k: New Fuel Tank for Dean Road (will generate annual savings of £6,300)
- £16k: RAM – consultancy support to implement a new Estates IT system
- £180k: IT – Firmstep team (funding for 2 years, thereafter will be built into revenue budget if cost effective)

OPERATIONAL RESERVES

Operational Reserves (SIF)	Forecast Balance 31 March 2018	Outturn 31 March 2018	Variance
HR and Customer Services			
Choices for Energy	(29,579)	(19,095)	(10,484)
	(29,579)	(19,095)	(10,484)
Finance and Asset Management			
Conditions Surveys / Estates	(100,000)	(85,000)	(15,000)
Property Repairs	(111,958)	(176,789)	64,831
Hard Grounds	(105,180)	(132,590)	27,410
	(317,138)	(394,379)	77,241
Legal and Democratic			
Legal Proceedings Reserve	-	(46,021)	46,021
Register of Electors - Replace major hardware/software	(8,000)	(8,000)	-
	(8,000)	(54,021)	46,021
Environmental Health			
Cemetery Risk Survey	(36,271)	(36,271)	-
Homelessness Grant	(250,177)	(254,910)	4,733
Local Plan	(86,884)	(116,529)	29,645
HIA General account	(10,191)	(10,191)	-
Crem Schemes	(7,000)	(7,000)	-
	(390,523)	(424,902)	34,379
Regeneration			
Seafest	-	(1,484)	1,484
	-	(1,484)	1,484
Tourism and Leisure			
Filey Brigg Caravan Park	(10,000)	-	(10,000)
Armed Forces Day	(20,000)	(29,370)	9,370
Museums Bequest	(38,597)	(38,597)	-
MUGA at Hinderwell School	(39,206)	(39,206)	-
CIC Retained Profit (Ringfenced)	(58,398)	(58,398)	-
Spa Orchestra Donations	(7,161)	(7,161)	-
Whitby Beaches	(13,000)	-	(13,000)
Car Park Machine Replacement	(120,000)	(120,000)	-
Marketing	(16,494)	(62,211)	45,717
Street Furniture and bins (precinct)	(13,147)	(13,147)	-
Tour De Yorkshire	(4,435)	(146,969)	142,534
	(340,438)	(515,059)	174,621

OPERATIONAL RESERVES

Operational Reserves (SIF)	Forecast Balance 31 March 2018	Outturn 31 March 2018	Variance
X758 – Engineers			
Commuted Sums Hopper Hill Balancing Pond	(6,300)	(6,300)	-
SIF Hard Grounds	-	(149,842)	149,842
	(6,300)	(156,142)	149,842
X759 – Corporate			
Apprentice Match Funding	(80,000)	(80,000)	-
Sands	(56,590)	(56,590)	-
JD - Events Budget	(12,260)	(28,608)	16,348
Town Hall Works	(20,000)	(20,000)	-
Year End Rollovers	(80,000)	(971,374)	891,374
Sands Freehold	(29,120)	(29,120)	-
Peasholm Park App Device	-	(24,300)	24,300
New Depot Dual Running Costs	(126,185)	(141,990)	15,805
HIA Handyman	(46,909)	(46,909)	-
DEFRA and DCLG Ringfenced Grants	(68,693)	(55,588)	(13,105)
Member Expenses	-	(39,048)	39,048
Staithes Dredging Reserve	(5,912)	(5,913)	1
Earmarked Priority Projects	(330,000)	(330,000)	-
Sports Village Investment Fund	(20,000)	(20,000)	-
Community Investment 'Pot'	(110,179)	(110,179)	-
Principle Bridge Inspection (6 year programme)	(12,000)	(12,000)	-
	(997,848)	(1,971,619)	973,771
X760 – Specifics			
SIF Hackney Carriage Reserve	(103,793)	(87,097)	(16,696)
HLF - Pannett Pk 10 year funding	(35,916)	(34,412)	(1,504)
Selective Licencing	(147,003)	(179,019)	32,016
Community Housing Fund	-	(186,000)	186,000
	(286,712)	(486,528)	199,816
Overall Total	(2,376,538)	(4,023,229)	1,646,691