

Report to: Cabinet

Date of Meeting: 8 July 2019

Report Title: FINAL ACCOUNTS 2018/19 - DRAFT

Report By: Peter Grace
Chief Finance Officer

Purpose of Report

This report sets out the draft final accounts position for 2018/19. These are subject to completion of the external audit.

Recommendation(s)

- 1. Cabinet review the revenue and capital outturn positions for 2018/19.**
- 2. That the 2018-19 outturn position, along with the revised estimates for 2019/20 be taken into account when preparing the 2020/21 budget.**
- 3. Cabinet review the achievement of Priority Income and Efficiency Review (PIER) savings for 2018/19.**

Reasons for Recommendations

Compliance with statutory requirements and good practice. The Council is accountable for the use of public money and continuously seeks to improve Value for Money.

The outturn position informs the budget setting process. Where there are under or overspends the reasons behind these are investigated with a view to reallocating resources to meet priorities.

The 2016/17 Audit Completion Report from the council's external auditors (BDO at the time) recommended that management report on the achievement of PIER savings following their implementation.

Introduction

1. This report provides members with the draft outturn results for the General Fund and Capital Programme for 2018/19. The financial accounts are subject to change until the external auditors have completed their audit report.
2. Variances are shown in (brackets) if they are favorable and without if they are adverse.
3. The Accounts & Audit Regulations 2015 require the Chief Finance Officer (Section 151 officer) to certify the Statement of Accounts by the 31st May each year and publish them by 31st July.
4. The Council's external auditors (now Grant Thornton) commenced auditing the full accounts in early June. The audited Statement of Accounts will be considered by the Audit Committee on 30th July– along with details of the auditor's findings and any material amendments made to the accounts.

Final Accounts

General Fund Position - Revenue

5. Total direct service expenditure amounted to £11,468,517 in 2018/19 compared to the revised budget estimate of £13,313,580, a variation of £1,845,063. This was offset by a variation in the budgeted use of reserves of £2,090,724. Overall there is an improvement in the General Fund revenue outturn position compared to the revised budget of £66,089 (a budgeted deficit of £747,194 compared to an expected outturn deficit of £681,105). A summary of the provisional outturn for the year is shown in Appendix A.
6. The significant service budget variations are shown in Appendix B. Those over or under budget by £20,000 or more are narrated. Please note that the depreciation and capital charges, International Financial Reporting Standard adjustments, and notional aspects of the Minimum Revenue Provision (MRP) are excluded from this analysis – as they do not affect Council Tax.
7. In addition to the budget variations on services as shown in Appendix B there were underspends/ increased income in the year in respect of the contingency provision which was unused (£46,790 out of the original £500,000), provision for the repayment of MRP (£275), net interest and investment income (£26,622), business rates section 31 grant (£67,343) – as highlighted in Appendix A.
8. The budgeted income from businesses rates has an adverse variance of £66,335 due to a lower precept of £134,351 offset by a reduction in the levy paid by the council (£18,701) and a reduction in the tariff (£49,315). The levy is payable to offset disproportionate financial benefits that some authorities experience as a result of business rates growth. The tariff is payable because the council's business rates base is more than its baseline spending level.

9. The direct service expenditure outturn at £11,468,527 is some £1,845,063 lower than the revised estimate. There are a number of significant one-off adjustments that account for the majority of the difference. These include an accounting adjustment for unspent Disabled Facilities Grants in the year (£628,000), Clinical Commissioning Group expenditure of £239,000, carry forwards (£686,000), Selective Licensing income received in advance (£484,000), Council Tax and Business Rates Collection bad debts provision adjustment (£139,000). Overall the outturn is very close to the revised estimate albeit that there are numerous positive and negative variances as detailed in Appendix B.
10. Further work is being undertaken through the Priority Income and Efficiency Review process to identify the future ongoing savings, above and beyond those already included in the 2019/20 budget.

Council Tax

11. The Council Tax balance on the Collection Fund at 31 March 2019 was a surplus of £1.448m, of which the Council's share was £195,000.

National Non Domestic Rates (NNDR)

12. The rateable value of business premises at 31 March 2019 was £62,294,534 compared to £62,806,889 at 31 March 2018. This change mainly reflects the movement to the new 2017 rating list, and changes resulting from prior year rating appeals. The result of Cash Machine (ATM) appeals has for example led to a reduction in the rateable value of £217,000 along with backdated refunds.
13. The net collectable sum for the year was £20,793,000, £140,000 less than original forecast (NNDR1) of £20,933,000. This partially reflects additional reliefs imposed by the Government, for which the Council is compensated by Section 31 grants.
14. The NNDR element of the Collection Fund as at 31 March 2019 has a deficit balance of £398,000, of which the Council's share was £159,000.
15. It is important to note that the deficit for 2018/19 takes into account estimates for the cost of appeals not yet decided, on the basis of the success rate of appeals actually determined by 31 March 2019. The final cost will only be evident when the appeals are decided during 2019/20 and possibly afterwards. The real difference between estimated and actual losses on outstanding appeals will therefore fall on years after 2018/19. Currently the appeals provision stands at £3.96m of which £1.58m is the Council's element.
16. Excluding multiple appeals there were still 76 appeals outstanding relating to the 2010 list, with a total rateable value of £10.1m, and many date back to the start of this list. There are a number of multiple appeals for the same property, making an accurate estimate of the liability very difficult. There is very little information on appeals against the 2017 list (i.e. very few settlements), so a standard percentage reduction in income has been estimated (4.7%). There has also been a significant national appeal in respect of rate relief for NHS Hospital Trusts which has not been accepted by the Council and the case remains ongoing.

17. The new regime for dealing with non-domestic rates, which started on 1 April 2014, is mitigated by safety net provisions, funded by levies payable by councils with higher rates of growth in business rates. This Council opted to form a pool along with other East Sussex councils and the Fire Authority in 2016/17 to avoid paying a levy to Government, which would have been £32,162 in 2016/17, but the pool was dissolved for 2017/18 due to the potential losses that could be incurred following the latest revaluation. The pool was established again for 2018/19. For 2019/20 the Council is part of the 75% Business Rates retention pilot scheme in East Sussex – as reported in the February budget.

Reserves

18. Appendix E details the reserves position. As at 31 March 2019 the total of the reserves amounts to £18,619,000. This is an increase in the year of £577,000 but includes a £686,000 carry forward figure which will be spent in 2019/20 on existing commitments. This year £150,856 was used from the Invest to Save Reserve leaving a balance on the reserve of £269,000 – a proportion of which is already earmarked for spend in 2019/20 and beyond. The balance on the General Reserve at 31 March 2019 is £7,714,000 and the General Fund working balance remains at £500,000. The earmarked reserves total is £10,755,000 and includes such items as Disabled Facility grants (£1.494m), Transition Reserve (£1.343m), and Renewals and Repairs Reserve (£1.6m). It should also be noted that £349,000 of the total balance is in respect of monies held in respect of the NHS Clinical Commissioning Group initiatives.
19. The Council agreed at its budget meeting in February 2019 that the minimum level of General and Capital reserves should be £6m – given the risks and liabilities that the Council faces. The general reserve amounting to £7.714m at 31 March 2019.
20. The Medium Term Financial Strategy identified the need for any underspend to be used as an opportunity to strengthen reserves, and given the estimated budget reductions required in 2020/21 and beyond there remains a strong case for doing so. The Medium Term Financial Strategy will be reviewed shortly and will include a further review of reserves in the light of future government funding and expenditure pressures.
21. Underspends on reserve funded items during 2018/19 e.g. repairs and renewal monies will be re-profiled into 2019/20.

Capital Programme and Resources

22. Capital expenditure in the year amounted to £24.247m which was some £2.065m less than the revised budget estimate. The main variations being the underspends in respect of Hastings Housing Company (£5.386m), Disabled Facility Grants (£628k), Work on the Harbour Arm and New Groyne (£119k) and additional expenditure on Commercial Property Investment of £3.913m as agreed by Cabinet.
23. Capital receipts, reserves, grants and borrowing have been used to finance the £24.247m of expenditure e.g. the purchase of 591 Sedlescombe Rd, 311-323 Bexhill, Lacuna Place, Heron House, temporary homelessness accommodation,

Hastings Housing Company property purchase, and development and implementation of the new ERP system. The majority of the programme was financed by new borrowing which amounted to £19.396m from the Public Works Loan Board (PWLB).

Provisions for Credit Liabilities

24. From 1 April 2007 the Government introduced new regulations concerned with the treatment of MRP (Minimum Revenue Provision – a sum calculated to repay capital debt). This places a general duty on the Council to make prudent provision for the re-payment of capital debt. The option chosen by the Council has given rise to a charge to revenue in 2018/19 of £795,000.

Financial Strategy

25. Maintaining the Council's financial standing remains challenging in the current circumstances. The deficit in 2018/19 results in the use of £481,000 from the Transition Reserve and a further £200,000 from specific reserves.
26. Given the major reductions in future funding, the Council needs to continue to take important and potentially difficult decisions. This will include identifying significant efficiencies and service reductions, invest to save opportunities and to generate more income to balance the budget in the future.
27. It is standard practice to analyse previous year variations when determining the forthcoming budget. It is recommended that the 2018/19 outturn position, along with the revised estimates for 2019/20, be taken into account when preparing the 2020/21 detailed revenue estimates.
28. A number of significant one-off items have been identified and transferred to the Council's reserves – particularly unspent grant monies such as those from Disabled Facility Grant (£569,000). The level of reserves, as well as the identification of future funding expectations, and potential spending pressures will be considered as part of the Medium Term Financial Strategy review.

Review of PIER Savings

29. In the 2016/17 Audit Completion Report from BDO the then external auditors observed that PIER savings are planned in detail within the council's annual budget process reports and savings identified are removed from the budgets once approved by Cabinet. They commented that there is opportunity to enhance reporting to Cabinet further by stating actual savings achieved compared to the original estimate.
30. It was recommended that management include the actual savings achieved against each PIER scheme following their implementation when reporting the outturn variance. This recommendation was accepted by the Chief Financial Officer and Appendix F details the achievement of the savings in 2018/19.

31. The 2018/19 budget identified net PIER savings of £703,000 and it has been calculated that £541,700 of savings were achieved within the year. The variance is an underachievement of £161,300 or 23% of the targeted savings. Some of the savings can be hard to quantify and for these accountants have provided commentary to help in the understanding of the figures. Appendix F only considers the PIER savings and growth and does not look at other savings generated within the year or identify any non-related overspends.

Timetable of Next Steps

32. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Review of 2018/19 under and over spends	2020/21 budget	September 2019	Chief Finance Officer
Review of Revised Budget 2019/20 to identify savings for 20/21 budget	2020/21 budget	February 2020	Chief Finance Officer

Wards Affected

None

Implications

Relevant project tools applied? Yes

Have you checked this report for plain English and readability? Yes. This has been done as much as possible considering the complex financial issues involved.

Climate change implications considered? N/A

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness

Crime and Fear of Crime (Section 17)

Risk Management

Environmental Issues

Economic/Financial Implications Yes

Human Rights Act
Organisational Consequences
Local People's Views
Anti-Poverty

Additional Information (preferably provide links)

Appendix A - Final Accounts Summary 2018/19
Appendix B - Major Variations
Appendix C - Capital Programme Expenditure (total) 2018/19
Appendix D - Capital Programme Financing 2018/19
Appendix E - Statement of Reserves
Appendix F - PIER Savings achievement for 2018/19

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Revenue Budget Summary**Appendix A**

	2018-19 Revised Budget £	2018-19 Actual Outturn £	Variance £
Corporate Resources	3,916,280	3,544,153	(372,127)
Operational Services	9,397,300	7,924,364	(1,472,936)
Direct Service Expenditure	13,313,580	11,468,517	(1,845,063)
Contingency Provision	46,790	0	(46,790)
Total Service Expenditure	13,360,370	11,468,517	(1,891,853)
Provision for repayment of debt (MRP)	795,000	794,725	(275)
Net interest	884,204	857,582	(26,622)
Total Expenditure	15,039,574	13,120,824	(1,918,750)
Funded By			
Revenue Support Grant	(1,542,094)	(1,542,094)	0
New Homes bonus	(649,559)	(649,559)	0
New Homes bonus return funding	(8,670)	0	8,670
New Burdens grants	0	(226,893)	(226,893)
NNDR (Surplus) / Deficit	63,396	63,396	0
Council Tax (surplus)	(125,899)	(125,899)	0
Housing Benefit Administration grant	(420,606)	(420,606)	0
Council Tax Support Admin Grant	(166,913)	(166,267)	646
Business rates	(2,884,302)	(2,817,967)	66,335
Business rates - Pooling	(85,711)	(105,190)	(19,480)
Business rates - Section 31 Grant	(1,043,810)	(1,111,153)	(67,343)
Council tax	(6,595,295)	(6,595,295)	0
Total funding	(13,459,463)	(13,697,527)	(238,064)
Funding deficit / (surplus)	1,580,110	(576,703)	(2,156,813)
Reserve movements			
Contributions to Earmarked Reserves	1,038,810	2,735,817	1,697,007
Use of earmarked reserves	(1,871,726)	(1,478,009)	393,717
Net Contribution to (from) Reserves	(832,916)	1,257,808	2,090,724
Use of Reserves to fund deficit			
Trans to / (from) Transition Reserve	(547,194)	(481,105)	66,089
Contributions to / (from) Specific Reserves	(200,000)	(200,000)	0
Total	(747,194)	(681,105)	66,089
General Fund movement	0	0	0

Corporate Resources Major Variances 2018/19

General Fund Activities	Cost Centre	Variance Narrative	Total Full year Variance excl. Recharges £'s
Estates Services	20104		(4,403)
Director of Corporate Services and Governance	20101		(2,685)
Internal Audit Services	20107		(22)
Accountancy & Exchequer Services	20109		(16,342)
Revenues and Benefits Service	20110		(6,735)
Fraud Joint Working Initiative	20108		(19,634)
Corporate Expenses	20120		933
Employment Areas	20130		1,566
Unit Factories	20131	(£44k) rents following reviews. (£27k) rates budget for vacant periods not required. £11.5k over on repairs spend.	(59,506)
Properties & Estates	20132	(£184k) higher rents following purchase of Lacuna Place. £45k additional costs for surveyors fees. £100k reduction in income against budgeted rental income from Priory Meadow . £76k not recovered from anticipated disposals as programme has slipped into future years. £20k additional repairs.	59,512
St.Mary-in-the-Castle	20133		(17,106)
Housing Benefit Payments	20126	Lower than anticipated benefit subsidy paid on some aspects of Housing Benefit administration. This constitutes less than 1% variation on the level of benefits subsidy expenditure.	298,702
Housing Benefit Administration	20127		1,006
Fin.Serv.-Other Expend.& Income	20135	Severance usage less than expected partially offset by write-offs. Severance is budgeted for centrally in this code by charged out to the services once redundancies are identified.	(225,223)
Corporate Management Costs	20124		(5,486)
Corp. Man. Non-distributed Costs	20125		17,080
Tax Collection Costs	20129	Credit due to reduction in level of bad debts	(138,727)
Personnel and Business Support	20111		9,696
Corporate Policy and Partnerships	20102		(2,866)
Democratic Services	20103		(2,944)
Legal Services	20106		3,338
Digital By Design	20115		19,130
Corporate POD Expenses	20112	Training budget £12k under, contractors budget also £12k under (Occ Health, DBS checks, Employee assistance etc.)	(22,417)
Admin.Bldgs.-Town Hall	20116	Additional rent income	(28,398)
Admin.Bldgs.- Murial Matters House	20117	Underspend on repair due to delay in planned lightning protection.	(45,602)
Admin.Bldgs.-General Expenses	20118		(8,508)
Admin Bldgs - HBC Archive, Castleham	20119		8,033
Registration Of Electors	20136		(5,799)
Sustainable Development	20145		(2,080)
Cost Of Democratic Processes	20138		2,010
Borough Council Election Expenses	20139		148
General Election Expenses	20140		1,316
Contact Centre	20113		(5,638)
Contact Centre - Trading Account	20114		288
Building Surveyors	20105		(388)
Shelters and Seats (Highway)	20148		(7,902)
Naming and Numbering Streets	20149		(492)
Decorative Lighting	20150	Underspend due to £14,500 reserve funded works to be done in 2019/20 and the rest being delayed as they are linked to those works (Sticks of Rock repairs following County repairs of lights).	(29,572)
DCE-Information Technology Division	20121		(3,092)
IT Reserve Expenditure	20122	Large underspend due to the rollout of hardware being delayed as we are waiting to upgrade to a newer operating system. The variance will go back to the reserve to be spent in 2019/20.	(127,150)
Land & Property Systems-GIS	20123		(19)
Communications and Design	20324		(4,400)
Corporate Systems - ERP	20318		(1,806)
Foreshore Trust	Various		116
Corporate Directorate Total			(372,127)

Operational Resources Major Variances 2018/19

General Fund Activities	Cost Centre		Total Full year Variance excl. Recharges
Environment Management & admin	20169		(12,782)
Food Safety	20276		(1,718)
Health & Safety Enforcement	20277		(435)
Environmental protection	20279		(17,699)
Health & Safety Corporate	20278		(427)
Pest Control	20280		(1,183)
Local Licensing	20281	Additional Income	(39,397)
Scrap Metal Licensing	20282		(283)
Liquor Licensing	20283		6,739
Gambling Licensing	20284		4,173
Stray Dog Service	20285		1,500
Neighbourhood Safety	20299		3,088
Safer Hastings Partnership	20300		(9,211)
Domestic Violence	20301		(230)
Emergency Planning	20286		(1,192)
Environmental Health Total			(69,058)
Waste and Parking Team	20171		18,283
Parking and Enforcement Team	20317		(14,738)
Off Street Car Parking	20287	Mainly due to lower than budgeted payment to the Foreshore Trust (£55,000) and reduced cash collection costs (£20,000). There is also (£15,270) slippage on the repairs and renewals reserve for concrete testing at Priory Street Car Park due to delays in works being carried out.	(92,234)
Hornbye Car Park	20288		(1,371)
CCTV Control Room	20290	Severance paid out and holiday in lieu pay.	27,259
Public Realm	20292	Public Realm budget was allocated towards a Coastal Communities funding bid to develop the roundels and Harold Place plinth. This bid was unsuccessful. However other public realm projects are in development and the money is requested to be carried forward in reserves.	(40,000)
Waste Services Management and Administration	20316		1,019
Public Conveniences	20315		8,062
Abandoned Vehicles	20289		(521)
Refuse Collection	20293		(19,582)
Street Cleansing	20295		(15,455)
Street Cleansing - DSO	20323		(2,698)
Recycling	20294		(4,401)
Greenwaste	20296		(19,379)
Waste and Environmental Enforcement Team	20297		(14,690)
Together Action	20298	The Together Action had a (£16,270) grant received in March for community clear ups which has been transferred to reserves to be spent in future years. The budget also had an under spend of (£7,160), this has been requested as a carry forward for community clear up projects not achieved in the year.	(23,431)
Waste and Parking Services Total			(193,876)

Appendix B (cont)

General Fund Activities	Cost Centre		Total Full year Variance excl. Recharges
Open Space Management	20170		(2,904)
Hastings Country Park - Parking	20312		(394)
Watercourses	20302		(6,194)
ESCC Highway Tree Maintenance	20291		(2,968)
Cemetery & Crematorium	20303	Positive variance mainly due to increased income offset by additional spend of £10,000 on utilities due to increased demand and issues with water leaks.	(33,303)
Welfare Funerals	20304	Adverse variance due to unrecoverable funerals £7,500 from 2018/19 the rest from prior years.	20,452
Travellers Costs	20305		735
Town Centre	20306		(1,218)
Allotments	20307		3,433
Ecology	20308		(5,705)
Arboriculture	20309		(15,946)
Parks & Gardens	20310	Rent reviews e.g. the Café at Alexander Park, have increased income received by (£19,000). Renewals of long term commemorative seats in March have led to (£12,000) additional income. There is (£15,000) unspent S106 and a government grant of (£15,000) received in March for Parks maintenance which will also go to an earmarked reserve. The rest is made up of underspend on repairs and various other minor variances.	(89,505)
Hastings Country Park	20313		7,485
Countryside Stewardship	20314		(7,466)
Amenities Services Total			(133,498)
Director of Operational Services	20174		1,527
Director of Operational Services Total			1,527
Marketing & Comms.Division	20178		4,291
Meteorological Expenses	20239		(415)
Civic & Ceremonial Expenses	20240		(7,702)
Community Awareness	20226		(2,146)
1066 Country Campaign	20222	External funding to be carried forward.	(25,169)
Tourism Marketing	20223	Marketing service reviewed and costs reduced	(22,603)
Battle Marketing	20224		(3,552)
Tourist Information Centre	20225	Recharge to HIC no longer carried out.	23,101
HIC Trading Account	20210		(5,562)
Twining / Sierra Leone	20227		(1,000)
R.T.P. - Hastings Week	20230		30
R.T.P. - Jack-in-the-Green	20231		2,524
R.T.P. - Old Town Carnival	20232		(3,170)
R.T.P Events	20233		3,581
R.T.P. - Trolley Bus	20234		(1,707)
R.T.P. - Town Crier	20235		381
Filming	20241		15,617
Seafood and Wine	20228		8,658
Midsummer Fish Festival	20237		(6,192)
Herring Fair	20238		4,841
Marketing and Major Projects Total			(16,194)

Appendix B (cont)

General Fund Activities	Cost Centre		Total Full year Variance excl. Recharges
Regeneration Management & Admin	20177		(4,056)
Regeneration Activity	20208		(17,856)
Planning Policy	20211	Underspent due to changing the timetabling for work on the Area Action Plan. The underspent has been carried forward.	(55,169)
Cultural Activities	20212		(66)
Cultural Development (Getting Hastings Ready)	20213		(2,978)
External Funding Initiatives	20214		(7,660)
Community Cohesion	20215		(1,530)
Town Centre Management	20166		(9,300)
Community Development Activity	20167		25
Community Partnership Fund	20219		(300)
Youth Windfall	20220		(2,389)
Youth Activities	20221		200
Renewable Energy Solutions	20321	Installation of Solar Panels	23,569
Externally Funded:			
White Rock Area Development	20209	£28k Bohemia Feasibility Study carried forward to 2019/20.	(31,225)
Fisheries Local Action Group (FLAG)	20216		1
Coastal Communities Fund	20217	External funding carried forward for White Rock Fountain project	(30,575)
1066 Community Grants	20270		556
Regeneration Total			(138,752)
Leisure & Cultural Dev. Div.	20175		(131)
Falaise Hall	20258		(14,605)
Sports Centres	20259	Repairs budget underspend	(36,460)
William Parker	20260		(15,000)
Opening Doors	20271		(5,471)
Sports Development	20261		(154)
Street Games	20262		6,023
Active Hastings	20264	Lower than budgeted expenditure in several areas and increased income from fees and charges.	(21,349)
Play Development	20265		(3,502)
PCT Play Grant	20266		(1,250)
Play Pathfinder	20267		(3,374)
Playground Projects	20268		3,105
Sports for All	20263	Increased grant received. Underspend taken to earmarked reserves.	(25,898)
Leisure Services Total			(118,066)
Resort Services Management and Admin	20176		7,406
Sports Management	20257	Increased income	(20,925)
Cliff Railways	20245		5,160
Seafront	20250		(18,707)
St Clements Caves	20247	Non payment of royalties 16/17 & 17/18 -Legal Dept reviewing	21,001
Chalets & Private Hut Sites	20248	Premises budgets underspent by £8k/ Additional income received £15k	(24,274)
Coast Protection Sea Defences	20242		(1,830)
Navigational Aids	20243		(1,137)
Environmental Schemes (Net Huts)	20244		1,392
Hastings Castle	20246		(5,259)
White Rock Theatre	20249	Repairs £20k underspent / Contract reduced	(32,345)
Museums & Art Galleries	20251		10,037
Fisherman's Museum	20252		1,735
Education - Museum	20253		(3,282)
Exhibitions - Museum	20254		(6,640)
Museums & Schools Project	20327	Increased grant received. Carried forward to 2019/20.	(30,043)
First World War Project	20256		1,163
Resilience Fund - Museum (Arts Council)	20255		5,295
Resort Services Total			(91,252)

Appendix B (cont)

General Fund Activities	Cost Centre		Total Full year Variance excl. Recharges
Housing Management & admin	20172	Favourable variance due to receiving £74,000 Community Housing Grant and £14,000 Housing Advisor Programme Grant. Both grants have been carried forward to the new financial year.	(97,428)
Housing Company	20322		(4,174)
Local Land Property Gazetteer & Admin	20173		5,522
Local Land Charges Register	20181		7,265
Development Management	20180	Underspend due to delays in the scanning project. The underspent has been carried forward.	(56,821)
Homelessness	20182	Overspent due to increased demand for placements. Demand for bed and breakfast is significant with a lack of affordable properties to move into.	89,880
Homelessness Prevention	20183		10
Social Lettings	20184		(17,903)
Homelessness Strategy	20185		262
Deposits funded by ESCC and Discretionary Housing payments	20187		(3,822)
Youth Homelessness	20188		(1,966)
Housing Register	20186		(3)
Building Control	20179		1,450
Housing Solution Services	20197	Underspent due to receiving a grant for a 2 year public health contract which has not yet been fully spent. The underspent has been carried	(63,467)
Housing - Works in Default	20198		432
Housing Renewal	20191	Carry forward of £23,200 for consultancy work required. £13,000 additional income from Enforcement	(36,428)
Selective Licensing	20195	Favourable variance due to income received for licenses. The licences issued cover more than just a one year period so the income received will be used to offset administration costs in future years. The underspent has been carried forward.	(484,191)
Housing Licensing Team	20196	Increased income transferred to earmarked reserves.	(32,527)
Dangerous Structures	20200		18,189
EXTERNAL FUNDED			
Housing NHS Clinical Commissioning Group	20202	This expenditure is not budgeted for. Spend has been financed from earmarked reserves where the CCG grant money is held.	239,763
Controlling Migration Fund	20193	Underspend due to grant received in the year. The underspent has been carried forward to be spent in the next financial year.	(181,036)
Rough Sleepers Prevention	20207	Favourable variance due to grant received in the year to cover a 3 year project. The underspend has been carried forward for use in future years.	(96,818)
Syrian Resettlement Programme	20206		45
Housing and Built Environment			(713,766)
OPERATIONAL DIRECTORATE TOTAL			(1,472,936)

Capital Programme Expenditure 2018/19

Service	Gross Budget £000's	Actual £000's	Net Variation £000's
Corporate Resources	15,847	10,603	(5,244)
Operational Services	10,465	13,644	3,179
Total	26,312	24,247	(2,065)

Appendix D

Capital Programme Financing 2018/19

	Outturn 2018-19 £000's
Expenditure :	<u>24,237</u>
Financed by :	
Borrowing	19,396
Grants - Disabled Facilities Grant	1,254
Harbour Arm and New Groynes - Contribution from DEFRA	1,556
Coastal Communities Scheme 4 - CCF funding	219
Private Sector Renewal Support - Regional Housing Board & LEP Funding	7
Playgrounds - Other Grants and Contributions	<u>11</u>
	3,047
Capital Receipts	<u>1,804</u>
	<u>24,247</u>

Appendix E

Statement of Reserves

	Opening Balance 1 April 2018	Transfers In	Transfer Out	Closing Balance 31 March 2019
	£000's	£000's	£000's	£000's
General Reserve	(7,668)	(71)	24	(7,715)
Capital Reserve	(150)	0	0	(150)
<u>Earmarked Reserves</u>				
Renewal and Repairs Reserve	(1,628)	(508)	536	(1,600)
Risk Management Reserve	(330)	0	0	(330)
Information Technology Reserve	(152)	(214)	213	(153)
On-Street Car Parking Surplus Reserve	(40)	0	0	(40)
Section 106 reserve	(507)	0	11	(496)
VAT reserve	(252)	0	0	(252)
Government Grant Reserve	(702)	(119)	111	(710)
Carried Forward Reserve	(159)	(686)	159	(686)
Ore Valley Reserve	(250)	0	0	(250)
Monuments in perpetuity	(47)	0	0	(47)
Invest to save and efficiency reserve	(420)	0	151	(269)
Resilience and Stability Reserve	(600)	0	0	(600)
Transition Reserve	(1,824)	0	481	(1,343)
Redundancy Reserve	(648)	0	43	(605)
Community Safety Reserve	(350)	0	100	(250)
Economic Development Reserve	(501)	0	100	(401)
Safer Hastings Partnership	(72)	(9)	0	(81)
First World War Project	(12)	0	1	(11)
Clinical Commissioning Group	(585)	0	236	(349)
Young Peoples Council	(19)	0	19	0
Revenue Hardship Fund	(80)	0	0	(80)
Disabled Facilities Grant	(925)	(628)	60	(1,493)
Syrian Resettlement Programme	(21)	0	0	(21)
Selective Licensing	0	(574)	0	(574)
Housing Licensing	(6)	(33)	0	(39)
Community Housing Reserve	(94)	0	20	(74)
Total	(18,042)	(2,842)	2,265	(18,619)

PIER Savings achievement for 2018/19

Activity		Budgeted PIER Saving 2018/19 £	Saving Achieved in 2018/19 £	Variance Over / (under) £	Commentary
ICT	Reduction in access East Sussex Licensing, dedicated network link no longer required.	9,000	9,000	0	Savings achieved. Link not required.
Paper and Print reduction (a work-stream of the Digital by Design programme)	Paper and print reduction savings from implementation of new digital first-print last approach supported by new SharePoint, new Multi-functional devices (MFDs), new virtual mail room contract and a change in culture: i.e. 'doing it differently'.	46,000	18,500	-27,500	£18.5k cashable savings have been achieved with savings in staff time being redeployed elsewhere. The savings have been made from reductions in photocopying and the rollout of virtual post room to Revenues and Benefits. The rollout to other departments has been delayed due to the team leading the project being diverted to work on the archive clearance so the full savings potential has not yet been realised.
Property fund (CCLA)	Income earned from investments made in external property fund	80,000	85,000	5,000	Annual return amounted to 5.99% including dividends and capital growth.
Commercial property	Income earned from investments in commercial property (net of borrowing costs)	373,000	372,200	-800	In 2018/19 the income received from newly acquired commercial property amounted to £705k. In a full year all acquisitions now made will generate (including rental saved on Muriel Matters House) £1.106m. The income generation strategy properties will contribute £666k of this sum once fully developed and rent free periods have ended.
Housing Company	Net contribution from Housing Company investment	60,000	0	-60,000	Delays in purchasing properties means the Housing Company is yet to generate a profit and pay a dividend.

Appendix F

Activity		Budgeted PIER Saving 2018/19 £	Saving Achieved in 2018/19 £	Variance Over / (under) £	Commentary
Energy	Income earned from investment in energy projects (net of borrowing costs)	80,000	0	-80,000	An estimated £2k per annum of income is being generated after borrowing costs. This excludes abortive costs incurred in identifying viable sites.
Resorts services	Management and administration savings following deletion of Resorts Services manager post in 2017	21,000	21,000	0	Resorts Services Manager post deleted and new post recruited on lower grade. Saving achieved.
Civic and ceremonial	Reducing transport costs	1,000	1,000	0	Reduced expenditure towards Mayoral car.
Meteorological service	Paid volunteer coordinator post not replaced, mileage paid to volunteers	2,000	2,000	0	Staffing budget removed and mileage now not being claimed.
Community Awareness	25% reduction in budget used for advertising of local events – use alternative methods	4,000	4,000	0	Budget reduced to £5k and spend realigned to match.
Twinning/Sierra Leone	Reduce £3k budget for Sierra Leone twinning	1,000	3,000	2,000	Budget of £3k not spent in 2018/19. Grant now cancelled from 2019/20.
Raising the Profile	Savings across a number of budgets: Hastings week (£1k) Hastings carnival (£1k) Trolley Bus (£2k) Town Crier (£2k) Achievers Award (£1k) Bonfire (£300)	6,000	6,000	0	Activity spend restructured and savings achieved.
Cultural Development – Coastal Currents	As agreed by Council in last year's budget, a final year of pump priming funding was given in 2017/18 to enable the event to become self-financing.	20,000	20,000	0	Funding ceased and project now externally funded.
	Total PIER Savings above	703,000	541,700	-161,300	

Growth Items

Activity		Budgeted PIER Growth 2018/19 £	Growth in 2018/19 £	Variance Over / (under) £	Commentary
Planning policy	Studies, resources and work required for White Rock Area and Town Centre Area Action Plan, including examination in public and Strategic Flood Risk Assessment Staffing implications: Increased by 1.3 FTE 1FTE funded by external funding and 0.3FTE (growth) to reinstate to a FTE senior planner.	61,000	31,000	-30,000	Area Action Plan work delayed so post not yet recruited into.
Homelessness	Increased costs of temporary accommodation anticipated to meet demand	156,000	245,880	89,880	Demand for bed and breakfast is significant with a lack of affordable properties to move into. Homelessness service was £90k overspent in total even after allowing for PIER Growth net of Housing Benefit income.
	Total Growth above	217,000	276,880	59,880	