



CABINET

Monday 8 July 2019

WAVENEY DISTRICT COUNCIL DRAFT OUTTURN REPORT FOR 2018-19

EXECUTIVE SUMMARY

1. This report provides an overview of the Council's financial performance for 2018/19 in respect of the General Fund, reserves, Housing Revenue Account (HRA), the capital programme and the Collection Fund. 2018/19 is the final financial year for Waveney District Council. Following several years of successful partnership working with Suffolk Coastal District Council, the two Councils were wound up and dissolved on the 1st April 2019 with East Suffolk Council created the same day.
2. The Council's accounts for the year ended 31st March 2019 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). In England and Wales, the local authority Code constitutes "proper accounting practice" under the terms of section 21(2) of the Local Government Act 2003.
3. Through careful and effective budget management the Council continued to deliver savings and achieve additional income during 2018/19. For 2018/19 the outturn position was a surplus of £0.094m and this has been transferred to the in-year savings reserve.
4. The total balance on the Council's General Fund earmarked reserves has increased by £0.725m to £12.227m as at 31st March 2019. Appendix A provides a copy of the reserve summary as set out in Note 10 to the Statement of Accounts.
5. The Council's General Fund balance has been maintained at £4m as at 31st March 2019. This is in line with the Chief Finance Officer's (CFO) recommendation adopted by Full Council in February 2018. This balance is established as part of the Medium-Term Financial Strategy (MTFS) process and takes account of strategic, operational and financial risks.
6. The careful management of reserves is central to the Council's strategic financial planning process, to be able to manage expected and unforeseen events and circumstances and to ensure adequate balances are in place for East Suffolk Council from 1st April 2019.
7. The Housing Revenue Account (HRA) ended 2018/19 with a £0.284m net movement from the HRA working balance providing an HRA working balance of £4.859m as at 31st March 2019. This represents 23.6% of total income to the HRA (10% is considered best practice limit).

8. The 2018/19 capital programme expenditure for the General Fund and the HRA was £3.189m and £7.006m respectively.
9. As set out in the Council's Financial Procedure Rules, requests to carry forward an underspent revenue budget at the end of the year of up to £0.030m can be approved by the Chief Finance Officer. Revenue budget carry forward requests in excess of £0.030m require Cabinet approval. For 2018/19 there is one request (£0.060m) for Cabinet to consider for approval. Year end budget carry forwards are transferred to the carry forwards earmarked reserve to enable closer monitoring of their use throughout the year. The total value of revenue carry forward requests for 2018/19 is £0.085m.
10. The statutory deadline for signing and dating the Statement of Accounts is 31st May and for their approval and publication, 31st July. On 31st May 2019 the Council had signed and dated its draft Statement of Accounts for the year ended 31st March 2019 and published them on the East Suffolk Council website.
11. The Statement of Accounts for 2018/19 is subject to audit and therefore the outturn position for the Council as presented in this report is a draft position. As at 10th June 2019 the external auditors have highlighted the risk of the Statement of Accounts not being approved and published by 31st July 2019 due to their own resourcing issues. Progress on the audit will be presented to the Audit and Governance Committee on 29th July 2019 and if the audit is sufficiently progressed, approval of the Statement of Accounts will be recommended.

Is the report Open or Exempt?	Open
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Wards Affected:	None
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Cabinet Member:	Councillor Steve Gallant Leader of the Council and Cabinet Member with responsibility for Resources
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Supporting Officer:	Simon Taylor Chief Finance Officer 01394 444570 simon.taylor@eastsuffolk.gov.uk
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1 INTRODUCTION

- 1.1 This report provides details on the 2018/19 outturn position for the Council, covering the General Fund, Reserves, the Housing Revenue Account (HRA), the Capital Programme and the Collection Fund. 2018/19 is the last financial reporting year for Waveney District Council, as from 1st April 2019 the Council was wound up and dissolved along with Suffolk Coastal District Council to create East Suffolk Council.
- 1.2 The Council's accounts for the year ended 31st March 2019 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). In England and Wales, the local authority Code constitutes "proper accounting practice" under the terms of section 21(2) of the Local Government Act 2003.
- 1.3 The style and format of the accounts, complies with CIPFA standards and is similar to that of previous years. The information within the accounts is presented as simply and clearly as possible, but the accounts for an organisation such as the Council, are by their nature both technical and complex. The aim of the accounts to provide information so that members of the public, including electors and residents of the district, Council Members, partners, stakeholders and other interested parties can:
- understand the overarching financial position of the Council;
 - have confidence that the public money with which the Council has been entrusted and has used, has been accounted for in an appropriate manner; and
 - be assured that the financial position of the Council is sound and secure.
- 1.4 The Code requires that the accounts give a true and fair view of the financial position of the Council. In line with the Code, suitable accounting policies have been applied and where necessary prudent judgements and estimates have been made.
- 1.5 As per the Accounts and Audit Regulations 2015 (the Regulations) the date for signing and dating the Statement of Accounts is 31st May, and for their approval, 31st July.
- 1.6 The Narrative Report which is a key accompanying document to the Council's Statement of Accounts provides an easier to follow communicating platform to engage with stakeholders. The Narrative Report assists management to demonstrate their collective performance over the year and how well the authority is equipped to deal with the challenges and opportunities ahead and to continue delivering services and supporting its local community. The Council's Narrative Report is published as an integral part of the Council's Statement of Accounts ([Statement of Accounts 2018/19](#)).

2 FINANCIAL OUTTURN (DRAFT) 2018/19

General Fund Revenue

- 2.1 The General Fund is the main revenue fund from which the Council's services are met. In 2018/19 the Council's net expenditure is financed from council tax and business rates income.
- 2.2 For 2018/19, total income received from council tax and business rates was £13.856m (in-year forecast £14.703m). This is shown in the table below. The £0.847m unfavourable variance on business rates income for the year is due to a higher than expected levy payment to the Suffolk Pool, by an additional £1.319m. This is the result of a decrease in the provision for appeals. Due to accounting timing differences, the impact on the Collection Fund deficit/surplus will not be reflected in the General Fund until two years time (2021). A transfer from the Business Rates Equalisation Reserve has been made in 2018/19 to finance this temporary shortfall in business rates income.

	Original Budget	In-Year Forecast	Actual	Variance
General Fund Service Area	£	£	£	£
Communities	378	305	249	(56)
Customer Services	1,329	1,464	1,358	(106)
Economic Development and Regeneration	1,273	808	1,109	301 ^{*1}
Environmental Services and Port Health	728	751	699	(52)
Financial Services, Corporate Performance and Risk Management	132	(80)	(95)	(15)
Housing Operations and Landlord Services	720	837	744	(93)
ICT Services	802	903	883	(20)
Internal Audit	229	266	226	(40)
Legal and Democratic Services	970	1,046	986	(60)
Operations	3,101	3,870	4,122	252
Planning and Coastal Management	1,274	1,093	1,027	(66)
Revenue and Benefits	935	981	865	(116)
Senior and Corporate Management	597	668	618	(50)
Net Cost of Service	12,468	12,912	12,791	(121)
Non-Cost of Service Expenditure Adjustments	1,322	1,305	1,472	167
Other Operating Expenditure	2,584	2,589	2,566	(23)
Financing and Investment Income and Expenditure	624	479	296	(183)
Non-Specific Grant Income				
New Homes Bonus Grant	(635)	(635)	(635)	0
S 31 Grant Business Rates	(1,070)	(2,914)	(3,267)	(353)
Other Non-Specific Grants	(500)	0	(92)	(92)
Net Expenditure Before Reserve Movements	14,793	13,736	13,131	(605)
Net Movement on Reserves	(1,591)	967	631	(336)
Net Expenditure After Reserve Movements	13,202	14,703	13,762	(941)
Financed By:				
Council Tax Income	(8,602)	(8,602)	(8,602)	0
Business Rates Income	(3,764)	(6,101)	(5,254)	847
Revenue Support Grant	(836)	0	0	0
Taxation and Non-Specific Grant Income	(13,202)	(14,703)	(13,856)	847
Net Outturn Position for 2018/19	0	0	(94)	(94)
<i>*1 Economic Development & Regeneration , includes Enterprise Zone costs of £0.337m which are funded from the Enterprise Zone reserve.</i>				

2.3 The table above shows a net expenditure for the Council of £13.950m, compared to an in-year forecast of £14.703m. This gives a surplus net expenditure for the year of £0.094m which has been transferred to the in-year savings reserve.

2.4 Key variance to highlight when compared to the in-year forecast include;

Additional Income

- £0.206m, planning applications
- £0.125m, interest and investment income, including dividend return on property fund
- £0.105m, green waste scheme

Savings

- £0.161m, net variance on housing benefit subsidy, overpayments and payments

Additional Costs

- £0.193m, In-door leisure management
- £0.167m, prior year audit adjustment to finance lease

Year End Revenue Budget Carry Forwards

- 2.5 As set out in the Council's Financial Procedure Rules, requests to carry forward an underspent revenue budget at the end of the year of up to £0.030m can be approved by the Chief Finance Officer. These totalled £0.025m in 2018/19.
- 2.6 Revenue budget carry forward requests in excess of £0.030m, these require Cabinet approval. For 2018/19 there is one request of £0.060m for Cabinet to consider for approval. This carry forward request relates to a grant agreement to the Marina Theatre Trust. The associated work to finalise this was delayed towards the end of 2018/19 and will therefore fall into 2019/20.
- 2.7 Year end budget carry forwards are transferred to the carry forwards earmarked reserve to enable closer monitoring of their use throughout the year and requests no longer required are released to the General Fund. The total value of carry forward requests for 2018/19 is £0.085m.

General Fund Reserves and Balances

- 2.8 As at 31st March 2019, the Council's General Fund balance has been maintained at £4m. This is in line with the Chief Finance Officer's (CFO) recommendation adopted by Full Council in February 2018. This balance is established as part of the Medium-Term Financial Strategy (MTFS) process and takes account of strategic, operational and financial risks.
- 2.9 The Council holds a number of earmarked revenue reserves which have been established to meet known or predicted liabilities and to hold balances of grants and external funding which is committed to future year spend. The Council reviews these reserves to ensure the levels continue to be appropriate and if no longer required, are returned to the General Fund.
- 2.10 As at the 31st March 2019 the total balance on earmarked reserves stood at £12.227m, an increase of £0.725m on the previous year. Earmarked reserves to highlight include:
- **Business Rates Equalisation Reserve (Balance as at 31st March 2019, £0.803m)** – This is income from business rates which is set aside to equalise the fluctuations in recognising business rate income due to timing differences, in particular in relation to business rates appeals and for year-end surpluses/deficits needing to be estimated in advance.
 - **In-Year Savings Reserve (Balance as at 31st March 2019, £1.009m)** – This is in-year savings set-aside to support future year budget pressures. £1.229m was transferred from this reserve as originally budgeted for. Further use of this reserve is planned in 2019/20 as presented in the East Suffolk Council Budget for 2019/20 (Shadow Council meeting on 28th February 2019).
 - **Business Rate Pilot Reserve (Balance as at 31st March 2019, £1.431m)** – In 2018/19, Suffolk was successful with its bid to pilot 100% Business Rates Retention Scheme. The Council's share of the additional retained business rates income was £1.479m.

This income has been transferred to this reserve and is to be used to provide funding for agreed projects (£0.048m used in 2018/19).

- **Capital Reserve (Balance as at 31st March 2019, £1.420m)** – £1.420m of additional Section 31 Grant was forecast during the year and this has been used to create a new Capital Reserve to provide a source of finance for future capital investment plans.

- 2.11 Appendix A to this report contains an extract of Note 10 to the Statement of the Accounts, which details the in-year movements on all General Fund earmarked reserves.

Capital Programme 2018/19 – General Fund

- 2.12 Capital expenditure relates to the acquisition of fixed assets or expenditure that adds to (and not merely maintains) the value of an existing fixed asset. Costs of maintaining assets (repairs and maintenance) are funded through the General Fund revenue expenditure.
- 2.13 The General Fund capital programme outturn and financing for 2018/19 is summarised below. Government grants and third party contributions were the main source of financing in 2018/19 at 43.8% of the total financing.

General Fund Capital Programme Outturn 2018/19				
	2018/19 Original Budget	2018/19 In-Year Forecast	2018/19 Outturn	2018/19 Variance
Service Area	£'000	£'000	£'000	£'000
ICT Services	43	317	91	(226)
Operations	5,485	2,090	926	(1,164)
Planning & Coastal Management	10,486	1,992	1,423	(569)
Financial Services, Corporate Performance and Risk Management	2,700	1,508	691	(817)
Economic Development	870	40	58	18
Total General Fund Capital Expenditure	19,584	5,947	3,189	(2,758)
Financed By:				
Borrowing	7,986	2,555	744	(1,811)
Government Grants and Third Party Contributions	10,495	1,957	1,398	(559)
Revenue/Revenue Reserves	773	583	541	(42)
Capital Receipts	330	852	506	(346)
Total General Fund Capital Financing	19,584	5,947	3,189	(2,758)

- 2.14 Capital budgets are approved for the life of the project which can span more than one financial year. Any capital budgets for a project that remain unspent at the end of the financial year are carried forward to the following year. Similarly, with projects that are ahead of the original profile, budgets can be brought forward. The key variances on the General Fund capital programme (actual compared to the in-year forecast) are set out in the table below.

General Fund Capital Programme 2018/19 Summary of Key Variances		£'000
ICT Services		
Projects rephased to 2019/20		(226)
		(226)
Operations		
Lowestoft beach hut demolition/stabilisation work progression delayed		(337)
Bungay Leisure Centre redevelopment rephased to 2019/20		(261)
District wide car park works - rephased to 2019/20		(170)
Britten Centre lift liability carried forward to 2019/20		(140)
Norse vehicle purchased deferred until 2019/20		(132)
Other minor underspends		(124)
		(1,164)
Planning and Coastal Management		
Tidal Barrier rephased to 2019/20		(311)
Various coastal projects rephased to 2019/20		(258)
		(569)
Financial Services, Corporate Performance & Risk Management		
Estates Management rephased to 2019/20		(388)
Investment property acquisition rephased to 2019/20		(400)
Other minor underspends		(29)
		(817)
Economic Development and Regeneration		
Advanced cost from future years brought forward		18
		18
Total Variance on the General Fund Capital Programme (underspend) / overspend		(2,758)

Capital Programme 2018/19 - HRA

- 2.15 A summary of the HRA Capital programme for 2018/19 is provided in the table below. The largest area of variance against budget was in respect of the new build programme due to delays with the development of sites and the purchase of sites for development.

Housing Capital Programme Outturn 2018/19				
	2018/19 Original Budget £'000	2018/19 In-Year Forecast £'000	2018/19 Outturn £'000	2018/19 Variance £'000
Housing Repairs	2,872	2,553	2,188	(365)
Housing Project Development	2,980	3,098	2,866	(232)
New Build Programme	14,062	6,470	4,442	(2,028)
Housing Improvements	865	934	909	(25)
Total HRA Capital Expenditure	20,779	13,055	10,405	(2,650)
HRA Capital Financing	£'000	£'000	£'000	£'000
Capital Receipt	4,513	2,985	2,734	(251)
Grants and Contributions	1,888	1,219	909	(310)
Revenue / Revenue Reserves	14,378	8,851	6,762	(2,089)
Total HRA Capital Financing	20,779	13,055	10,405	(2,650)

Housing Revenue Account 2018/19

- 2.16 HRA is the statutory account to which the revenue costs of providing, maintaining and managing the Council dwellings are charged. The HRA is financed by rents charged to tenants and charges for related services and facilities. The table below summarises the HRA outturn position for the year against the in-year forecast.

Housing Revenue Account Outturn Summary 2018/19				
	2018/19 Original Budget £'000	2018/19 In-Year Forecast £'000	2018/19 Outturn £'000	2018/19 Variance £'000
Income				
Dwelling rent	(18,709)	(18,596)	(18,730)	(134)
Non-dwelling rents	(183)	(177)	(168)	9
Service charges and facilities	(1,283)	(1,225)	(1,276)	(51)
Leaseholders charges for services	(10)	9	2	(7)
Contributions towards expenditure	(32)	(39)	(41)	(2)
Reimbursement of costs	(74)	(255)	(382)	(127)
Interest income	(93)	(100)	(138)	(38)
Total Income	(20,384)	(20,383)	(20,733)	(350)
Expenditure				
Repairs & maintenance	3,765	3,925	4,270	345
Supervision and management	3,195	3,069	2,960	(109)
Special services	1,539	1,705	1,711	6
Rents, rates and other charges	84	33	42	9
Movement in bad debt provision	(8)	165	131	(34)
Contribution to CDC* and pension backfunding	616	595	594	(1)
Capital charges	3,466	3,460	3,066	(394)
Prior year adjustment (depreciation charge)	0	0	207	207
Interest charges	2,270	2,270	2,300	30
Revenue contribution to capital	5,381	4,988	4,236	(752)
Transfers to earmarked reserves	1,000	1,000	1,500	500
Total Expenditure	21,308	21,210	21,017	(193)
Net movement on the HRA for the year	924	827	284	(543)
<i>* Corporate and Democratic Core (CDC)</i>				

- 2.17 The Housing Revenue Account has ended the year with a £0.284m net movement from the HRA working balance, £0.543m less than the in-year forecast. The key variances on the HRA are provided below.

Housing Revenue Account 2018/19 Summary of Key Variances		£'000
Description		
Rephasing on the housing development programme - Direct Revenue Financing (DRF)		(752)
Decrease in depreciation (capital charges)		(386)
Recovery of costs relating to increased repairs and maintenance ^{*1}		(127)
Reduced number of dwelling rents debts written off (dwelling rent)		(100)
Increase on facilities income		(51)
Reduced consultancy costs relating to the development programme		(48)
Vacancies and other staff related savings		(43)
Increased return on investment income		(38)
Additional income on dwelling rents and service charges (dwelling rent)		(34)
Increase to the Bad Debt Provision was less than estimated		(34)
Saving on treasury management fee (capital charges)		(8)
Increase on recharges to leaseholders		(7)
Other minor variances		(6)
Transfer to new housing development reserve for rephased development programme		500
Material cost for repair and maintenance services ^{*1}		345
Prior year adjustment (depreciation charge)		207
Increase on interest payable and similar charges		30
Increased rents, rates and other charges		9
Total Variance to Revised Budget		(543)
<i>*1 The £345k variance on repairs and maintenance is offset by £0.127m of income for recharged works and £0.365m underspend on the capital maintenance programme.</i>		

- 2.18 Appendix A to this report contains an extract of Note 10 to the Statement of the Accounts, which details the in-year movements on the HRA Earmarked Reserves.

Collection Fund 2018/19

- 2.19 The Collection Fund records the income from business rates and council tax and its distribution, net of an allowance for cost of collection paid to the Billing Authority (Waveney District Council).

Council Tax

- 2.20 Council tax income finances the expenditure of Suffolk County Council, the Police and Crime Commissioner for Suffolk, Waveney District Council and its Town and Parish Councils. During 2018/19, the in-year movement on the Council Tax Collection Account was a deficit of £0.602m. The balance on the Council Tax Collection Account as at 31st March 2019 was a surplus of £0.796m (£1.398m surplus as at 31st March 2018).

Business Rates

- 2.21 The Council as the Billing Authority collects all non domestic rates from local businesses and distributes these to Central Government (50%), Suffolk County Council (10%) and Waveney District Council (40%). For 2018/19, the Council was successful in its bid to be part of a 100% Pilot scheme, therefore the distribution for this one year only was Waveney District Council 80% and Suffolk County Council 20%.
- 2.22 Each year, the Council has to make a number of assumptions in January to produce the National Non Domestic Rate (NNDR1) return, which provides an estimate for the forthcoming year. Key assumptions in arriving at the estimated amounts include the value of outstanding appeals and forecasts of growth or reduction in the business rates base of the area.
- 2.23 During 2018/19 the in year movement on the Business Rate Collection Account was a surplus of £1.917m, changing the brought forward deficit of £1.479m to a surplus of £0.438m balance as at 31st March 2019.
- 2.24 In order to reduce the amounts paid as levies (the amount paid to Government), all of the Suffolk councils have entered a pooling arrangement allowing them to retain a larger proportion of growth by reducing their individual rate of levy. For 2018/19, the benefit to the Council of participating in the Suffolk Business Rates Pool was £0.548m (excluding the Business Rate Pilot scheme gain, £1.479m).
- 2.25 As part of the National Non Domestic Rates (NNDR1) return in January 2018, the Council had to estimate the business rates income expected to be received in 2018/19 based on a number of assumptions. The most significant assumption was in relation to the provision for appeals. The Council based the provision on Government guidance and trend analysis which was 3.28% of appeals that had been lodged with the Valuation Office, backdated to 1st April 2010 where an appeal was lodged before 31st March 2015 or backdated to 1st April 2015 before 31st March 2017.
- 2.26 For 2017/18 and 2018/19 liabilities created through the issuing of bills, with the new check, challenge, appeal process, there has been a significant reduction in appeals, so a new methodology has been adopted. The provision has been based on all those appeals that were successful in relation to the 2010 valuation list, by taking the rateable value of the successful appeals, multiplying this by the business rates multiplier to get the income due, apply the 3.28% trend analysis and then finally take 25% of the value as the provision. The provision for business rates appeals has decreased by £1.417m, as shown in the Collection Fund Note to the Financial Statements.

3 HOW DOES THIS RELATE TO THE EAST SUFFOLK BUSINESS PLAN?

- 3.1 The Council has taken a very prudent and business-like approach to formulating and setting the budget, which has included allowing for sufficient contingencies, promoting invest to save initiatives , controlling costs and generating new and additional income as well as leading on developing a local growth strategy. This approach will enable East Suffolk to become financially self-sufficient.

4 FINANCIAL AND GOVERNANCE IMPLICATIONS

- 4.1 In England, the process for approval and publication of the 2018/19 Statement of Accounts is set out in the Accounts and Audit Regulations 2015 (the Regulations). The regulations require that a local authority must present a true and fair view of the authority's financial position and income and expenditure prior to the commencement of the period for the exercise of public rights for 2018/19 (which includes the first 10 working days in June 2019).
- 4.2 The date for signing and dating the Statement of Accounts is 31st May. The regulations also require that local authorities in England publish their audited Statement of Accounts by 31st July, or as soon as reasonably practicable after the receipt of the auditor's final findings (if later), including on the Council's website.
- 4.3 As at 10th June 2019 the external auditors have highlighted a risk of the Statement of Accounts not being approved and published by 31st July 2019, and is due to their own resourcing issues.
- 4.4 To comply with the approval and publication process as set out in the Regulations, the order of events is as follow;
- The responsible financial officer (RFO) must sign and date the unaudited Statement of Accounts and confirm that it presents a 'true and fair' view prior to the commencement of the period for the exercise of public rights. In practical terms this must be completed by 31st May at the latest.
 - The RFO must publish the unaudited Statement of Accounts which includes publication on the Council's website, together with the specified documents/declarations/statements. This must be completed by 31st May at the latest.
 - The period for the exercise of public rights must be exercised within a single period of 30 working days, which must include the first 10 working days of June. This is treated as commencing on the day following the day on which the point above has been fulfilled.
 - Following the conclusion of the period for the exercise of public rights the RFO is required, on behalf of the authority, to re-confirm that they are satisfied that the Statement of Accounts presents a 'true and fair view'.
 - The Authority must then consider and approve the Statement of Accounts, either by way of a committee or by the members meeting as a whole and ensure that they are signed and dated by the person presiding at the committee or meeting at which the approval is given. This will be the East Suffolk Council Audit & Governance Committee.
 - After approval of the audited Statement of Accounts, and for 2018/19 no later than 31st July, the authority is required to publish the Statement of Accounts together with any certificate or opinion and accompanied by the approved Annual Governance Statement.

- Where an audit of accounts for 2018/19 has not been concluded before 31st July, the authority must publish (including on the Council's website) as soon as reasonably practicable on or after that date a notice stating that it has not been able to publish the Statement of Accounts and its reasons for this. Subsequently, after approving the Statement of Accounts, the authority must publish the Statement of Accounts, including on the Council's website, as soon as reasonably practicable after the receipt of any report from the auditor which contains the auditor's final findings from the audit which is issued before the conclusion of the audit.
- As soon as reasonably practicable after the conclusion of an audit, the authority must publish a statement that the audit has been concluded and that the Statement of Accounts has been published.

5 OTHER KEY ISSUES

- 5.1 The recommendations of this report do not directly effect or impact on the Council's policies, projects, initiatives or actions. Therefore, an Equality Impact Assessment is not required.
- 5.2 No other key issues to be considered.

6 CONSULTATION

- 6.1 As required by the Regulations, a statement setting out the period for the exercise of public rights was placed on the Council's website on Friday 31st May 2019. This gives notification that the single period of 30 working days has commenced in which any rights of objection, inspection and questioning of the local auditor must take place. This inspection period must include the first 10 days of June and therefore this period commenced on Monday 3rd June 2019 and ends on Friday 12th July 2019.
- 6.2 The Unaudited Statement of Accounts, Annual Governance Statement and Narrative Report were also placed on the Council's website on Friday 31st May 2019.
- 6.3 As soon as reasonably practicable after the conclusion of an audit, the authority must publish a statement that the audit has been concluded and that the Statement of Accounts has been published, along with the rights of inspection and the address at which those rights may be exercised.

7 OTHER OPTIONS CONSIDERED

- 7.1 No other options to be considered.

8 REASON FOR RECOMMENDATION

- 8.1 To give Cabinet an update on the unaudited 2018/19 outturn for the Council's revenue and capital accounts, before the audited accounts are submitted for approval to the Audit and Governance Committee.
- 8.2 To provide members with financial information on the Council's reserves and balances to assist in formulating budget policies for 2020/21 and beyond.

RECOMMENDATIONS

1. To note the Council's draft outturn position for 2018/19 together with reserves and balances as at 31st March 2019.
2. To note the risk to the audited Statement of Accounts not being approved and published by 31st July 2019 deadline, due to resourcing issues of the external auditors.
3. To approve the £0.060m 2018/19 year end budget carry forward request, in relation to a grant agreement to the Marina Theatre Trust, as per paragraph 2.6.

APPENDICES

Appendix A

Earmarked Reserves Summary - Extract of Note 10 to the Statement of Accounts 2018/19

BACKGROUND PAPERS

Please note that copies of background papers have not been published on the Council's website www.eastsuffolk.gov.uk but copies of the background papers listed below are available for public inspection free of charge by contacting the relevant Council Department.

Date	Type	Available From
June 2019	Final Accounts Working Papers for 2018/19	Financial Services Team

NOTES TO THE CORE FINANCIAL STATEMENTS

10. Movement In Reserves Statement – transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and Housing Revenue Account balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and Housing Revenue Account expenditure in 2017/18 and 2018/19.

	Balance 1 April 2017 £'000	Transfers Out 2017/18 £'000	Transfers In 2017/18 £'000	Balance 31 March 2018 £'000	Transfers Out 2018/19 £'000	Transfers in 2018/19 £'000	Balance 31 March 2019 £'000	Purpose of the Earmarked Reserve
General Fund:								
Actuarial Adjustments	173	(146)	323	350	(64)	-	286	To support any pressure on finances for redundancies / capital contributions to the Pension Fund as a result of the Council's progress with the Shared Services agenda.
Area Action Plan (AAP)	263	(96)	-	167	(5)	-	162	To Fund land investigative works covering the Area Action Plan in Lowestoft.
Business Rates Equalisation	1,476	-	274	1,750	(947)	-	803	To provide a source of finance to equalise the effect of changes in Business Rate income.
Business Rates Pilot	-	-	-	-	(48)	1,479	1,431	Income from the Business Rate Retention Pilot, set aside to support identified projects.
Backlog Repairs and Maintenance	80	-	-	80	(80)	-	-	To meet maintenance demands for corporate buildings.
Brexit	-	-	-	-	-	17	17	External funding received for expenditure incurred as a result of Brexit.
Capital Reserve	-	-	-	-	-	1,420	1,420	To provide an additional source of finance for unspecified capital investment plans.
Coastal Protection	156	-	-	156	-	-	156	To fund future Lowestoft coastal defence works.
Coastal Management	-	-	-	-	-	16	16	To provide a source of finance to fund revenue expenditure on coastal defences in the district.
Carry Forwards	35	(25)	169	179	(163)	85	101	Budget carry forward requests.
Community Development & Safety	98	(15)	19	102	(14)	15	103	Funding secured for prevention and activities work.
Community Health	37	(9)	-	28	(5)	-	23	Funding provided to support the delivery of Community Health projects.
Community Housing Fund	685	(1)	-	684	(1)	-	683	To enable local community groups to deliver affordable housing units.
Conservation, Planning & Building Control	467	-	31	498	-	21	519	A statutory fund to ensure Building Control expenditure works on a break even basis over a rolling annual period.
Customer Services	34	-	122	156	-	-	156	To support projects requiring post implementation review which may incur consultancy fees and service review costs.

NOTES TO THE CORE FINANCIAL STATEMENTS

	Balance 1 April 2017 £'000	Transfers Out 2017/18 £'000	Transfers In 2017/18 £'000	Balance 31 March 2018 £'000	Transfers Out 2018/19 £'000	Transfers in 2018/19 £'000	Balance 31 March 2019 £'000	Purpose of the Earmarked Reserve
General Fund:								
Deployment of Flood Barrier	-	-	-	-	-	88	88	To providing funding towards the cost of deployment of the flood barrier in Lowestoft.
District Elections	200	-	60	260	-	30	290	To support costs of future elections.
Domestic Violence	-	-	49	49	(49)	-	-	Funding received to provide support to schemes supporting those affected by domestic violence.
Economic Regeneration	108	(74)	80	114	(28)	67	153	Funding to support business activities and the recovery of the Lowestoft Seafront following the December 2013 floods.
Enterprise Zone	607	(175)	161	593	(241)	332	684	Enterprise Zone income is generated through business rates from development which occurs within each zone. Waveney District Council is the collecting authority and by default the administrators of the funds.
Flood Prevention	21	-	-	21	(9)	-	12	Following the Tidal Surge of 2013, this reserve has been established and provides a source of finance for flood prevention assistance.
Great Places	41	(14)	-	27	(14)	-	13	To fund new ways of working, building capacity, research, consultations and developing partnerships within Lowestoft.
Homelessness Prevention	87	(31)	117	173	(111)	62	124	To match homelessness prevention revenue grants received in advance with its related expenditure in subsequent years.
Housing Benefits Administration	145	-	46	191	-	-	191	To support Housing Benefits administration costs.
Housing Benefits Verification	253	(56)	-	197	(56)	-	141	To provide a source of finance to implement Government legislative changes, including the roll out of Universal Credit.
Housing Condition Survey	30	-	-	30	-	-	30	To meet the cost of the periodic survey of Private Sector Housing within the district.
Individual Electoral Registration	140	-	-	140	-	14	154	To meet the additional cost for administration of Individual Electoral Registration.
In-Year Contingency	-	-	200	200	-	-	200	To provide in-year contingency provision.
In-Year Savings	1,300	-	844	2,144	(1,229)	94	1,009	In-Year savings set aside to support future year budget gaps.
Key Capital Programme	-	-	100	100	-	-	100	To provide a source of finance to support the revenue costs associated with the delivery of key capital projects.
Land Charges	135	-	73	208	-	17	225	To support the General Fund from losses in future Land Charges income.
Lowestoft Ogogo	30	-	40	70	(70)	-	-	Funding received to delivered the Lowestoft Ogogo project. The project ended in 2018/19.

NOTES TO THE CORE FINANCIAL STATEMENTS

	Balance 1 April 2017	Transfers Out 2017/18	Transfers In 2017/18	Balance 31 March 2018	Transfers Out 2018/19	Transfers in 2018/19	Balance 31 March 2019	Purpose of the Earmarked Reserve
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
General Fund:								
Lowestoft Rising	-	-	-	-	-	90	90	Funding received to deliver earmarked work under the Lowestoft Rising project.
Major Projects	16	(16)	-	-	-	-	-	Funding to support projects and initiatives for the Area Action Plan in the Lake Lothing and outer harbour area.
MMI Reserve	56	-	-	56	-	-	56	To provide for potential liabilities relating to Municipal Mutual Insurance Limited (MMI).
New Homes Bonus	1,079	-	-	1,079	-	-	1,079	To support economic development and business growth initiatives.
Planning Policy	281	-	-	281	(27)	-	254	To support development work and audit of the Local Plan.
Planning & Building Control	-	-	15	15	-	-	15	To provide a source of finance for professional training and development needs of the service.
Private Sector Housing	36	-	8	44	(3)	-	41	Grants repaid to be set aside for Empty Property/Home Improvement Initiatives.
Additional Disabled Facilities Grant (DFG) funding	-	-	-	-	-	8	8	To support additional DFG works above the standard DFG grant.
Rent Guarantee Scheme	30	(20)	-	10	-	5	15	To provide a source of finance for landlord claims.
Short Life Assets	342	(458)	621	505	(542)	625	588	To fund the purchase of short life assets. In order to maintain the level of the Reserve any capital funding will be repaid from revenue budgets.
Southwold Beach Hut	175	-	-	175	-	-	175	Receipt of monies from letting of new Beach Hut sites in Southwold in 2014/15 approved to be used within Southwold.
Transformation	526	(130)	274	670	(156)	102	616	To provide seed funding for efficiency (invest to save) initiatives that will produce savings in future revenue budgets.
Total General Fund	9,142	(1,266)	3,626	11,502	(3,862)	4,587	12,227	

NOTES TO THE CORE FINANCIAL STATEMENTS

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	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Housing Revenue Account:								
Hardship Reserve	500	-	-	500	-	-	500	Recognising the need to provide financial help to tenants who find themselves in financial hardship due to the welfare reforms.
Debt Repayment Reserve	5,310	-	3,690	9,000	-	1,000	10,000	To set aside funds to meet future liabilities for repaying the Self-Financing debt.
Impairment/Revaluation Reserve	256	-	-	256	-	-	256	To provide for potential impairment and revaluation losses to HRA assets due to current and future changes in Accounts and Audit Regulations.
Municipal Mutual Insurance Limited (MMI) Reserve	66	-	-	66	-	-	66	To provide for potential liabilities relating to Municipal Mutual Insurance Limited (MMI).
Acquisition & Development Reserve	-	-	1,000	1,000	-	500	1,500	To fund Housing development programme that has reprogrammed for later years
Total Housing Revenue Account	6,132	-	4,690	10,822	-	1,500	12,322	
Total	15,274	(1,266)	8,316	22,324	(3,862)	6,087	24,549	