



CABINET

Tuesday 1 September 2020

EAST SUFFOLK COUNCIL OUTTURN REPORT 2019/20

EXECUTIVE SUMMARY

1. This report provides an overview of the Council's financial performance for 2019/20 in respect of the General Fund, Reserves, Housing Revenue Account (HRA), the Capital Programme and the Collection Fund.
2. The Council's accounts for the year ended 31 March 2019/20 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 9//20 (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. Statutory amendments to the process for approval and publication of the Statement of Accounts for 2019/20 have been made in acknowledgement of the impact Covid-19 has had on Local Authorities. The date for signing and dating the draft 2019/20 Statement of Accounts is by 31 August 2020. Under normal circumstances this would have been by 31 May 2020. The publication date for final, audited accounts is by 30 November 2020 (31 July 2020 under normal circumstances).
4. 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.
5. As part of the original budget and the revised budget for 2019/20, use of the In-Year Savings Reserve was planned to balance the budget. However, for outturn, the required use of the reserve was less than expected by £0.391m. This therefore provides additional funding in the In-Year Savings Reserve to be available for future year budget pressures.
6. The total balance on the Council's General Fund earmarked reserves at 31 March 2020 is £46.93m. **Appendix A** provides a reserve summary of the Council's earmarked reserves.
7. The Council's General Fund balance is £6m as at 31 March 2020. This is in line with the Chief Finance Officer's (CFO) recommendation adopted by Full Council in February 2019. This balance is established as part of the Medium-Term Financial Strategy (MTFS) process and takes account of strategic, operational and financial risks.

8. The Housing Revenue Account (HRA) ended 2019/20 with a £0.37m net movement to the HRA working balance providing an HRA working balance of £5.23m as at 31 March 2020. This represents 25.3% of total income to the HRA (10% is considered best practice limit). Details of the HRA account for the year is provided in Sections 2.15 to 2.17 of the report.
9. The 2019/20 Capital Programme expenditure for the General Fund and the HRA was £10.85m and £3.13m respectively.
10. As set out in the Council's Finance Procedure Rules, requests to carry forward an individual underspent revenue budget at year end 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 2019/20 there is one request (£69,500) for Cabinet to consider for approval. This is detailed in paragraph 2.4. Approved budget carry forwards are transferred to an earmarked reserve to enable closer monitoring of their use throughout the year. The total value of revenue budget carry forwards for 2019/20 is £0.202m.
11. The Statement of Accounts for 2019/20 is subject to audit and therefore the outturn position for the Council as presented in this report is a draft position. The external auditors are due to commence the audit in October/November 2020. Approval of the Statement of Accounts for 2019/20 will be recommended to the Audit and Governance Committee on completion of the audit.

Is the report Open or Exempt?	Open
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Wards Affected:	All wards in East Suffolk
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Cabinet Member:	Councillor Maurice Cook Cabinet Member with responsibility for Resources
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Supporting Officers:	<p>Simon Taylor Chief Finance Officer and Section 151 Officer 01394 444570 simon.taylor@eastsuffolk.gov.uk</p> <p>Lorraine Rogers Finance Manager and Deputy Section 151 Officer 01502 523667 lorraine.rogers@eastsuffolk.gov.uk</p> <p>Brian Mew Finance Consultant 01394 444571 Brian.Mew@eastsuffolk.gov.uk</p>
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1 INTRODUCTION

1.1 This report provides details on the 2019/20 outturn position for the Council, covering the General Fund, Reserves, the Housing Revenue Account (HRA), the Capital Programme and the Collection Fund. 2019/20 is the first financial reporting year for East Suffolk Council, as the predecessor Councils of Waveney District Council and Suffolk Coastal District Council were dissolved from 1st April 2019.

1.2 The Council's accounts for the year ended 31 March 2020 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (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 Due to the Coronavirus pandemic the Accounts and Audit Regulations 2015 (the Regulations) were amended in April 2020 to the process for approval and publication of the Statement of Accounts for 2019/20 in acknowledgement of the impact Covid-19 has had on Local Authorities. The key amendments to highlight are;

- The date for signing and dating the draft 2019/20 Statement of Accounts is by 31 August 2020. Under normal circumstances this would have been by 31 May 2020.
- The publication date for final, audited accounts is by 30 November 2020 (31 July 2020 under normal circumstances), or as soon as reasonably practicable after the receipt of the auditor's final findings (if later), including on the Council's website.
- To give local authorities more flexibility, the requirement for the public inspection period for the 2019/20 Statement of Accounts to include the first 10 working days of June has been removed. Instead local authorities must commence the public inspection period on or before the first working day of September 2020. The public inspection period must be for a period of 30 working days which is unchanged.

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.

2 FINANCIAL OUTTURN (DRAFT) 2019/20

General Fund Revenue

2.1 The General Fund is the main revenue fund from which the Council's services are met. The Council's net expenditure is financed from council tax and business rates income and Government Grants. The table below shows the outturn position for 2019/20. As part of the original budget and the revised budget, use of the In-Year Savings Reserve was planned to balance the budget. However, actual use of the reserve was less than expected which is shown as a note at the end of the table.

General Fund Outturn Summary 2019/20				
	Original Budget 2019/20	Revised Budget 2019/20	Actual Outturn 2019/20	Variance 2019/20
	£	£	£	£
General Fund Service Area Summary				
Customer Services, Communications & Marketing	2,006	1,900	1,845	(56)
Communities	1,938	2,477	1,919	(558)
Economic Development & Regeneration	1,385	2,938	1,104	(1,834)
Environmental Services & Port Health	734	337	(313)	(651)
Financial Services, Corporate Performance & Risk Management	863	816	736	(79)
Housing	1,583	1,429	1,155	(274)
ICT Services	2,421	2,560	2,493	(68)
Internal Audit	491	427	379	(47)
Legal & Democratic Service	2,467	2,419	2,247	(172)
Operations	7,523	10,685	11,568	883
Planning & Coastal Management	2,031	1,623	1,790	167
Revenue & Benefits	1,892	2,051	1,744	(307)
Senior & Corporate Management	2,930	3,332	3,064	(272)
Net Cost of Service	28,264	32,994	29,731	(3,268)
Non-Cost of Service Expenditure Adjustments				
Direct Revenue Financing (DRF)	6,418	5,162	2,761	(2,401)
Revenue provision for the repayment of debt (MRP)	830	816	815	(1)
Superannuation Backfunding	3,000	2,600	2,600	0
Recharges to the Housing Revenue Account (HRA)	(1,870)	(1,925)	(1,817)	108
Other Accounting Adjustments	35	35	21	(13)
Other Operating Expenditure				
Town & Parish Precepts	6,066	6,066	6,066	0
Levies	237	237	234	(2)
Financing and Investment Income and Expenditure				
Interest Payable	463	458	507	49
Other Financing Charges	517	469	469	0
Interest Receivable & Similar Income	(550)	(550)	(1,049)	(499)
HRA Share of Interest Payable & Receivable	(149)	(85)	(34)	51
Investment Property Income & Expenditure	(153)	(139)	(184)	(45)
Other Investment Income	0	(200)	(407)	(207)
Non-Specific Grant Income				
New Homes Bonus	(2,408)	(2,408)	(2,408)	0
S31 Grant	(4,558)	(4,838)	(4,704)	134
Capital Grants	(114)	(54)	0	54
Other Non-ringfenced Government Grants	0	0	(186)	(186)
Net Budget Expenditure before Reserve Movements	36,028	38,637	32,409	(6,228)
Net Movements on Reserves				
General Fund Balance	0	0	0	0
Revenue Earmarked Reserves *	(2,000)	(2,000)	(2,000)	0
Revenue Earmarked Reserves *	(6,778)	(6,468)	(2,446)	4,028
Capital Reserves	4,401	1,915	4,001	2,086
	0	0	0	0
Net Budget Expenditure After Reserve Movements	31,651	32,084	31,971	(113)
Financed By:				
Council Tax Income (District Council)	(14,429)	(14,429)	(14,429)	0
Council Tax Income (Town & Parish Precepts)	(6,066)	(6,066)	(6,066)	0
Council Tax Surplus	0	0	0	0
Business Rates Income	(10,585)	(10,857)	(10,744)	113
Business Rates Pilot Income	0	(161)	(161)	0
Revenue Support Grant	(323)	(323)	(322)	0
Rural Services Delivery Grant	(248)	(248)	(248)	0
Total Financing	(31,651)	(32,084)	(31,971)	113
* Includes use of In-Year Savings Reserve to balance the budget.	(3,019)	(1,077)	(686)	391

2.2 The table below sets out the key variances on the year end position for the General Fund.

General Fund Outturn 2019/20		
Summary of Key Variances (actual compared to revised budget)		
	£'000	£'000
<u>Operational Efficiencies/Savings/Underspends</u>		
Bank fees and charges	(61)	
Property/asset maintenance	(117)	
Establishment costs	(506)	
Total		(684)
<u>Additional Income</u>		
Interest receivable	(707)	
Total		(707)
<u>Reduced Income</u>		
Waste Management - recycling credits	628	
HRA share of General Fund costs and income	151	
Income loss due to Covid-19	363	
Total		1,142
<u>Operational Requirements</u>		
Capital costs recharged to revenue	109	
Waste management core fee	289	
Increase to the sundry debtor bad debt provision	474	
Other	63	
Total		935
Requested Carry Forwards - individual underspent revenue budgets		(202)
Total variance on 2019/20 outturn to be funded from Reserves		484
Transfer to Budget Carry Forwards Reserve		202
Transfer from In-Year Savings Reserve		(686)
		(484)

Year End Revenue Budget Carry Forwards

- 2.3 As set out in the Council's Finance Procedure Rules, requests to carry forward an individual underspent revenue budget at the end of the year of up to £0.030m can be approved by the Chief Finance Officer. These totalled £0.133m in 2019/20.
- 2.4 Individual revenue budget carry forward requests in excess of £0.030m, require Cabinet approval as per the Finance Procedure Rules. For 2019/20 there is one individual revenue budget carry forward request of £69,500 for Cabinet to consider for approval. The detail is as follows:
- Following the February 2020 Cabinet meeting, a sum of money was committed to form the East Suffolk Towns Initiative (ESTI) which is seed funding to support the action planning phase and subsequent projects coming out of the People and Places town centre revitalisation project. The action planning phase had started in four towns and it was expected that applications to the ESTI were going to be developed and received from April onwards. However, all stakeholder engagement had been stopped due to the current situation with Covid-19. When it is feasible to restart the engagement, a review exercise of

the ESTI priorities will be required due to the impact of Covid-19 on our town centres and businesses and how their recovery can be supported.

- 2.5 Year-end budget carry forwards are transferred to the Budget Carry Forwards 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 2019/20 is £0.202m.

General Fund Reserves and Balances

- 2.6 As at 31 March 2020, the Council's General Fund balance is held at £6m. During 2019/20 £2m was transferred from the General Fund balance to the Capital Reserve. This is in line with the Chief Finance Officer's (CFO) recommendation adopted by Full Council in February 2019. This balance is established as part of the Medium-Term Financial Strategy (MTFS) process and takes account of strategic, operational and financial risks.
- 2.7 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.
- 2.8 As at the 31 March 2020 the total balance on earmarked reserves stood at £46.93m. Earmarked reserves to highlight include:
- **Business Rates Equalisation Reserve (Balance as at 31 March 2020, £6.30m)** – 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. Maintaining a balance of £3m to £4m on this reserve is prudent to deal with unexpected fluctuations on Business Rates income. At the end of 2019/20 a transfer from this reserve of £4.65m has been made (£3.93m transferred to the Capital Reserve and £0.71m to address fluctuations in Business rates income for the year).
 - **In-Year Savings Reserve (Balance as at 31 March 2020, £4.92m)** – This is in-year savings set-aside to support future year budget pressures. The revised budget included use of this reserve of £1.07m. For outturn, use of the reserve was not as high as anticipated, at £0.686m. As presented in the East Suffolk Council Budget for 2020/21 (Full Council meeting on 26 February 2020), further use of this reserve is planned, £0.399m.
 - **Business Rate Pilot Reserve (Balance as at 31 March 2020, £2.67m)** – In 2018/19, Suffolk was successful with its bid to pilot 100% Business Rates Retention Scheme. The Council's share this income has been transferred to this reserve and is to be used to provide funding for agreed projects.
 - **Capital Reserve (Balance as at 31 March 2020, £7.95m)** – This reserve is to provide a source of finance for capital investment plans. £5.93m has been transferred to this reserve as planned to assist with providing addition funding for future funding requirements of the Capital Programme.
- 2.9 **Appendix A** to this report contains a summary of the General Fund earmarked reserves. This information will appear within Note 10 to the Statement of Accounts.

Capital Programme 2019/20 – General Fund

2.10 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.

2.11 The General Fund Capital Programme outturn and financing for 2019/20 is summarised below. Grants were the main source of financing in 2019/20 at 73.4% of the total financing.

Service Area	General Fund Capital Programme Outturn			
	2019/20	2019/20	2019/20	2019/20
	Original Budget £'000	Revised Budget £'000	Outturn £'000	Variance £'000
Economic Development & Regeneration	2,530	830	617	(213)
Environmental Services & Port Health	100	50	51	1
Financial Services	11,075	5,380	67	(5,313)
Housing Improvement	934	2,148	1,054	(1,094)
ICT Services	400	670	297	(373)
Operations	12,998	11,056	6,827	(4,229)
Planning & Coastal Management	12,257	6,302	1,938	(4,364)
Total General Fund Capital Expenditure	40,294	26,436	10,851	(15,585)
Financed By:				
<i>External:</i>				
Grants	2,341	9,150	7,968	(1,182)
Contributions	11,494	50	122	72
Borrowing	8,075	0	0	0
<i>Internal:</i>				
Capital Receipts	0	70	0	(70)
Borrowing	5,618	12,004	0	(12,004)
Reserves	12,766	5,162	2,761	(2,401)
Total General Fund Capital Financing	40,294	26,436	10,851	(15,585)

2.12 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 revised budget) are set out in the table below.

General Fund Capital Programme 2019/20	
Summary of Key Variances	
	£'000
<u>Economic Development & Regeneration</u>	
Ness Point Regeneration Project - partial rephasing to 2020/21	(213)
	(213)
<u>Environmental Services</u>	
Port Health IT Replacement - minor additional cost	1
	1
<u>Financial Services, Corporate Performance and Risk Management</u>	
Commercial Investment- rephased to 2020/21	(2,500)
Land Acquisition - rephased to 2020/21	(2,800)
House Purchase - surplus budget	(13)
	(5,313)
<u>Housing Improvement</u>	
Disabled Facilities Grants (DFG's) Improvements - rephasing to 2020/21	(1,094)
	(1,094)
<u>ICT Services</u>	
Corporate IT - rephasing to 2020/21	(373)
	(373)
<u>Operations</u>	
Felixstowe South - seafront work and Martello Cafe - slippage to 2020/21	(1,600)
Felixstowe Regeneration - slippage to 2020/21	(771)
New Beach Hut Sites - slippage to 2020/21	(500)
Seafront Gardens Beach Huts - slippage to 2020/21	(489)
Cemeteries - budget rephased - slippage to 2020/21	(395)
Norse Vehicles - slippage to 2020/21	(194)
Public Conveniences - slippage to 2020/21	(151)
Estates Management - slippage to 2020/21	(107)
Other minor variations - slippage to 2020/21	(22)
	(4,229)
<u>Planning and Coastal Management</u>	
Lowestoft Flood Risk Management Project - programme slippage	(4,071)
Other various scheme slippage to 2020/21	(293)
	(4,364)
Total Variance on the General Fund Capital Programme (underspend) / overspend	(15,585)

Capital Programme 2019/20 - HRA

- 2.13 A summary of the HRA Capital Programme for 2019/20 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				
	2019/20	2019/20	2019/20	2019/20
	Original	In-Year	2019/20	2019/20
	Budget	Forecast	Outturn	Variance
	£'000	£'000	£'000	£'000
Housing Repairs	2,815	2,736	2,104	(632)
Housing Project Development	2,931	1,603	257	(1,346)
New Build Programme	6,535	2,252	769	(1,483)
Total HRA Capital Expenditure	12,281	6,591	3,130	(3,461)
HRA Capital Financing				
Capital Receipt	3,220	1,255	53	(1,202)
Grants & Contributions	470	218	308	90
Revenue / Revenue Reserves	8,591	5,118	2,769	(2,349)
Total HRA Capital Financing	12,281	6,591	3,130	(3,461)

2.14 Key variances on the HRA Capital Programme are set out below.

HRA Capital Programme 2019/20	
Summary of Key Variances	
	£'000
Housing Repairs	
Kitchen replacement variance	(172)
Purchase of vans delayed to 2020-21	(110)
Rephasing of demolition of old garage sites	(98)
Re-roofing variance	(57)
Rephasing of Open Reach re-wiring at St Peters Court	(51)
Cladding work at St Peters Court to start in 2020-21	(30)
Energy efficiency works variance	(28)
Rephasing of door replacement - all schemes	(20)
Bathrooms variance	(18)
Windows and Facia's variance	(15)
External doors variance	(15)
Heat metering project on hold	(10)
Disabled adaptations variance	(5)
Other small variances	(3)
* Total saving less rephasing contra against revenue repairs overspend.	(632)
Housing Project Development	
Unallocated housing projects budget unrequired	(662)
Purchase of various empty properties rephased	(506)
Reconversions variance	(178)
	(1,346)
New Build Programme	
Delay in purchase of various S106 properties	(904)
Unallocated development budget unrequired	(500)
Rephasing of a development site	(79)
	(1,483)
Total Variance on the HRA Capital Programme (underspend) / overspend	(3,461)

Housing Revenue Account (HRA) 2019/20

2.15 The 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 revised budget.

Housing Revenue Account Outturn Summary				
	2019/20 Original Budget £'000	2019/20 Revised Budget £'000	2019/20 Outturn £'000	2019/20 Variance £'000
Income				
Dwelling rent	(18,765)	(18,703)	(18,840)	(137)
Non-dwelling rents	(181)	(163)	(184)	(21)
Service charges and facilities	(1,208)	(1,217)	(1,218)	(1)
Leaseholders charges for services	(10)	(10)	(9)	1
Contributions towards expenditure	(33)	(69)	(73)	(4)
Reimbursement of costs	(270)	(279)	(327)	(48)
Interest income	(96)	(140)	(183)	(43)
Total Income	(20,563)	(20,581)	(20,834)	(253)
Expenditure				
Repairs & maintenance	4,161	3,964	4,735	771
Supervision and management	3,090	3,167	3,054	(113)
Special services	1,908	1,942	1,928	(14)
Rents, rates and other charges	86	110	123	13
Movement in bad debt provision	(26)	50	(161)	(211)
Contribution to CDC* and pension backfunding	650	552	566	14
Capital charges	3,736	3,339	3,352	13
Interest charges	2,275	2,270	2,258	(12)
Revenue contribution to capital	5,120	2,277	612	(1,665)
Transfers to earmarked reserves	0	2,494	3,994	1,500
Total Expenditure	21,000	20,165	20,461	296
Net movement on the HRA for the year	437	(416)	(373)	43
<i>* Corporate and Democratic Core (CDC)</i>				

2.16 The Housing Revenue Account has ended the year with a £0.373m net movement to the HRA working balance, £0.043m less than the revised budget. The key variances on the HRA are provided below.

Housing Revenue Account 2019/20	
Summary of Key Variances	
Description	£'000
Rephasing on the housing development programme - Direct Revenue Financing (DRF)	(1,665)
Increase to the bad debt provision was not necessary	(211)
Additional income on dwelling rents (dwelling rent)	(69)
Reduced number of dwelling rent debts written off (dwelling rents)	(68)
Reduced consultancy costs relating to the development programme (supervision and management/special services)	(68)
Vacancies and other staff related savings (supervision and management/special services)	(46)
Increased return on investment income	(43)
Reimbursement of Right to buy discount (reimbursement of costs)	(34)
Additional income for other rents and wayleaves (Non dwelling rents)	(21)
Recovery of costs relating to increased repairs and maintenance (Reimbursement of costs)	(14)
Saving on interest payable and similar charges	(12)
Other minor variances (supervision and management/special services)	(8)
Reprofiling of IT consultancy fees (supervision and management/special services)	(5)
Additional income on Right-to-buy admin fee (contribution towards expenditure)	(4)
Transfer to new housing development reserve for rephased development programme	1,000
Material cost for repair and maintenance services * ¹	771
Transfer to the Debt Repayment Reserve	500
Increase on contribution to pension back funding and CDC	14
Increased rents, rates and other charges	13
Increased depreciation charge (capital charges)	13
Total variance to in-year forecast	43

**¹ The £0.771m variance on repairs and maintenance is offset by the underspend on the capital maintenance programme.*

2.17 **Appendix A** to this report details the HRA earmarked reserves. This information will appear in Note 10 to the Statement of Accounts for 2019/20.

Collection Fund 2019/20

2.18 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 (East Suffolk Council).

Council Tax

2.19 Council tax income finances the expenditure of Suffolk County Council, the Police and Crime Commissioner for Suffolk, East Suffolk Council and its Town and Parish Councils. During 2019/20, the in-year movement on the Council Tax Collection Account was a surplus of £0.500m. The balance on the Council Tax Collection Account as at 31 March 2020 was a surplus of £3.40m.

Business Rates

2.20 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 East Suffolk Council (40%).

2.21 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.

- 2.22 During 2019/20 the in-year movement on the Business Rate Collection Account was a surplus of £2.80m, changing the brought forward surplus of £4.07m to a surplus of £6.87m as at 31 March 2020.
- 2.23 In order to reduce the amounts paid as levies 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 2019/20, the benefit to the Council of participating in the Suffolk Business Rates Pool was £1.79m.

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 The process for approval and publication of the Statement of Accounts is set out in the Accounts and Audit Regulations 2015 (the Regulations). However, due to the Coronavirus pandemic, an amendment was made to the Regulations for the 2019/20 Statement of Accounts - The Accounts and Audit (Coronavirus)(Amendment) Regulations 2020, which came into force on 30 April 2020. The following key amendments were made to take into consideration the impact on local authorities of Covid-19;

- The date for signing and dating the draft 2019/20 Statement of Accounts is by 31 August 2020. Under normal circumstances this would have been by 31 May 2020.
- The publication date for final, audited accounts is by 30 November 2020 (31 July 2020 under normal circumstances), or as soon as reasonably practicable after the receipt of the auditor's final findings (if later), including on the Council's website.
- To give local authorities more flexibility, the requirement for the public inspection period for the 2019/20 Statement of Accounts to include the first 10 working days of June has been removed. Instead local authorities must commence the public inspection period on or before the first working day of September 2020. The public inspection period must be for a period of 30 working days which is unchanged.

- 4.2 The external auditors are due to commence the audit of the Council's 2019/20 Statement of Accounts in October/November 2020.

- 4.3 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.
- The RFO must publish the unaudited Statement of Accounts which includes publication on the Council's website, together with the specified documents/declarations/statements. For the 2019/20 Statement of Accounts this must be completed by 31 August 2020.
- The period for the exercise of public rights must be exercised within a single period of 30 working days. 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 2019/20 no later than 30 November 2020, 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 2019/20 has not been concluded before 30 November 2020, 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 affect 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 The Unaudited Statement of Accounts for 2019/20, and the accompanying Narrative Report will be placed on the Council's website by no later than 31 August 2020.
- 6.2 As required by the Regulations, a statement setting out the period for the exercise of public rights has been placed on the Council's website. This gives notification that the single period of 30 working days will commenced on the day following the publication of the draft Statement of Accounts on the Council's website. During this period any rights of objection, inspection and questioning of the local auditor must take place.
- 6.3 As soon as reasonably practicable after the conclusion of the audit, the authority must publish a statement that the audit has been concluded and that the Statement of Accounts have 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 2019/20 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 2021/22 and beyond.
- 8.3 In accordance with the Council's Finance Procedure Rules, underspent revenue budgets at year end in excess of £0.030m may be carried forward into the next financial year with Cabinet approval.

RECOMMENDATIONS

1. To note the Council's draft outturn position for 2019/20 together with reserves and balances as at 31 March 2020 (**Appendix A**).
2. To note the Accounts and Audit (Coronavirus)(Amendment) Regulations 2020 as detailed in paragraph 4.1 of the report.
3. To approve the carry forward of the individual revenue budget of £69,500 in respect of the East Suffolk Towns Initiative, detailed in paragraph 2.4 of the report.

APPENDICES

Appendix A	General Fund and Housing Revenue Account (HRA) Earmarked Reserve Summary 2019/20
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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
July 2020	Final Accounts Working Papers for 2019/20	Financial Services Team

GENERAL FUND AND HOUSING REVENUE ACCOUNT(HRA) EARMARKED RESERVE SUMMARY 2019/20

	Balance 31 March 2019 £'000	Transfers Out 2019/20 £'000	Transfers In 2019/20 £'000	Balance 31 March 2020 £'000	Purpose of the Earmarked Reserve
General Fund Earmarked Reserves:					
Actuarial Contributions	637	-	863	1,500	To provide a source of finance to meet budget pressures arising from lump sum pension costs associated with redundancies and retirements.
Additional Disabled Facilities Grant(DFG) funding (Non-Ringfenced)	8	-	21	29	To support additional Disabled Facilities Grant works above the standard Disabled Facilities Grants. Externally funded, with conditions attached.
Air Quality	97	(23)	12	86	To provide a source of finance for Air Quality Management Areas. Funding provided by DEFRA.
Homes & Communities Agency (HCA) - Area Action Plan (AAP) Land Contamination Grant	162	-	-	162	To fund site investigative works covering the Area Action Plan in Lowestoft. Externally funded with conditions attached.
Better Broadband	36	(24)	-	12	External funding received to support the delivery of Broadband to local residents and businesses.
Brexit	35	(35)	55	55	External funding received for expenditure incurred as a result of Brexit.
Budget Carry Forwards	212	(211)	202	203	Approved requests for unspent revenue budgets to be carried forward.
Building Control	519	(4)	-	515	A statutory fund to ensure Building Control expenditure works on a break even basis over a rolling annual period.
Business Incentive	97	(95)	-	2	External Funding to support economic development throughout the district.
Strategic Plan Delivery	234	-	16	250	To provide a source of finance to facilitate the delivery of the Council's Strategic Plan, including any emerging priorities.
Business Rates Equalisation	8,476	(4,651)	2,471	6,296	Business rates income set aside to provide a source of finance to equalise fluctuations in business rate income, e.g. timing issues arising from the accounting treatment.
Business Rates Pilot	3,011	(499)	161	2,673	Income received from the business rate retention pilot scheme (2018/19) which has been set aside to fund agreed projects across economic development, housing, leisure and communities.

GENERAL FUND AND HOUSING REVENUE ACCOUNT(HRA) EARMARKED RESERVE SUMMARY 2019/20

	Balance 31 March 2019 £'000	Transfers Out 2019/20 £'000	Transfers In 2019/20 £'000	Balance 31 March 2020 £'000	Purpose of the Earmarked Reserve
General Fund Earmarked Reserves:					
Capital Reserve	3,761	(1,743)	5,932	7,950	To provide a source of finance for capital investment plans.
Climate Change (includes Suffolk Energy Link)	58	(20)	40	78	To provide an additional source of finance for initiatives to reduce climate change and to promote energy efficiency (includes external funding). £30k held as potential match funding for bids for Climate change/Environmental activities as no ongoing core budget to that level for match funding.
Coastal Management - Revenue Works	222	(56)	-	166	To provide a source of finance to fund revenue expenditure on coastal defences in the district.
Coastal Protection - Capital Works	176	-	-	176	To provide a source of finance to fund capital expenditure on coastal defences in the district.
Communities	899	(771)	54	182	External Funding to provide a source of finance to support anti-social behaviour and crime reduction initiatives.
Community Health	35	(35)	-	-	Funding provided to support the delivery of Community Health projects.
Community Housing Fund	2,191	(57)	-	2,134	To enable local community groups to deliver affordable housing units.
County Sports Partnership	761	(19)	123	865	Funding received to support the delivery of the County Sports Partnership.
COVID-19 Response	-	-	99	99	Government funding received in response to the COVID-19 pandemic.
Customer Services	156	-	-	156	To support projects requiring post implementation review which may incur consultancy fees and service review costs.
Deployment of Flood Barrier	88	-	-	88	To providing funding towards the cost of deployment of the flood barrier in Lowestoft.
District Elections	403	(323)	-	80	To support costs of future elections.
Domestic Violence Support Funding	53	-	93	146	Funding received to provide support to schemes supporting those affected by domestic violence.

GENERAL FUND AND HOUSING REVENUE ACCOUNT(HRA) EARMARKED RESERVE SUMMARY 2019/20

General Fund Earmarked Reserves:	Balance 31 March 2019 £'000	Transfers Out 2019/20 £'000	Transfers In 2019/20 £'000	Balance 31 March 2020 £'000	Purpose of the Earmarked Reserve
East Suffolk Partnership	123	(123)	-	-	Funding received to support the delivery of projects and initiatives of the East Suffolk Partnership.
Economic Development	99	(16)	572	655	Funding provided to support the delivery of Economic Development projects.
Economic Regeneration	153	(56)	172	269	Funding to support business activities and the recovery of the Lowestoft Seafront following the December 2013 floods.
Empty Properties and Houses in Disrepair	190	(57)	-	133	To provide a source of finance for the Council to assist in bringing empty properties situated within the District back into use.
Enterprise Zone	684	(669)	625	640	Enterprise Zone income is generated through business rates from development which occurs within each zone. East Suffolk Council is the collecting authority and by default the administrators of the funds.
Felixstowe Forwards	33	(7)	7	33	External funding received to fund projects in Felixstowe.
Flood Prevention	12	(6)	-	6	Following the Tidal Surge of 2013, this reserve has been established and provides a source of finance for flood prevention assistance.
Great Places	13	(13)	-	-	To fund new ways of working, building capacity, research, consultations and developing partnerships within Lowestoft.
Growth Programme	184	(44)	-	140	External funding received to fund work on Suffolk Design Concepts.
Gypsy and Traveller	-	(2)	27	25	Fund for macerator at Kessingland site and external funding to find a new suitable site.
Heritage Action Zone North	-	-	30	30	Funding received to deliver the North Heritage Action Zone project.
Homes & Communities Agency (HCA) Development Grant	75	-	-	75	Funding received for the Adastral Park development.
Homelessness Prevention	313	(191)	316	438	Homelessness prevention revenue grants received in advance to be matched with its related expenditure in subsequent years.
Housing and Planning Delivery	182	(182)	-	-	To provide a source of finance to fund service improvements in these service areas.
Housing Benefit (HB) Subsidy	352	(52)	-	300	To provide a source of finance to meet budget pressures due to fluctuations with HB subsidy and implementation/changes due to Government legislation.
Housing Condition Survey & Improvements	97	(6)	-	91	To meet the cost of the periodic survey of Private Sector Housing within the district.

GENERAL FUND AND HOUSING REVENUE ACCOUNT(HRA) EARMARKED RESERVE SUMMARY 2019/20

	Balance 31 March 2019 £'000	Transfers Out 2019/20 £'000	Transfers In 2019/20 £'000	Balance 31 March 2020 £'000	Purpose of the Earmarked Reserve
General Fund Earmarked Reserves:					
Individual Electoral Registration	266	-	112	378	To meet the additional cost for administration of Individual Electoral Registration.
Indoor Leisure	120	(120)	50	50	To provide a source of finance to support the closure cost of Deben Leisure Centre during the refurbishment period.
Insurance	166	-	-	166	To provide a source of finance for any uninsured losses.
In-Year Contingency	400	(400)	-	-	To provide in-year contingency provision.
In-Year Savings	5,606	(686)	-	4,920	In-Year savings set aside to support future year budget gaps.
Key Capital Programme	200	(18)	-	182	To provide a source of finance to support the revenue costs associated with the delivery of key capital projects.
Land Charges	372	(222)	-	150	To support the General Fund from losses in future Land Charges income.
Landguard	-	-	16	16	Funding for the Landguard Governance review.
Local Development Framework	477	(472)	-	5	To meet the costs arising from the periodic preparation and adoption of the Local Development Framework.
Lowestoft Rising	90	(24)	35	101	Funding received to deliver earmarked work under the Lowestoft Rising project.
New Homes Bonus	4,594	(1,560)	2,408	5,442	Supporting community initiatives across East Suffolk.
Planning	-	(65)	465	400	To provide a source of finance for planning appeals, local plans and planning challenges.
Planning Legal	-	-	200	200	To provide for legal costs in respect of planning appeals.
Planning & Building Control	51	(51)	-	-	To provide a source of finance for professional training and development needs of the service.
Planning Policy	255	(255)	-	-	To support development work and audit of the Local Plan.
Port Health	4,623	(101)	659	5,181	To provide a source of finance to support the future investment and development of the Authority's infrastructure at the Port of Felixstowe.
Private Sector Housing	41	-	13	54	Grants repaid to be set aside for empty property/home improvement initiatives.
Private Sector Housing Renovation Grants	872	(62)	-	810	Grants repaid set aside to fund future renovation works.

GENERAL FUND AND HOUSING REVENUE ACCOUNT(HRA) EARMARKED RESERVE SUMMARY 2019/20

	Balance 31 March 2019 £'000	Transfers Out 2019/20 £'000	Transfers In 2019/20 £'000	Balance 31 March 2020 £'000	Purpose of the Earmarked Reserve
General Fund Earmarked Reserves:					
Rent Guarantee Scheme	15	-	-	15	To provide a source of finance for landlord claims.
Revenue & Benefits Administration	191	-	52	243	To provide a source of finance for budget pressures on the administration of Revenues & Benefits.
S106 Interest	-	-	30	30	Contingency related to Affordable Housing S106 should conditions not be met.
Short Life Assets	588	(784)	596	400	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 Huts	175	-	-	175	Receipt of monies from letting of new beach hut sites in Southwold in 2014/15 approved to be used within Southwold.
Stepping Homes	68	(53)	47	62	External funded received to support hospital patients to return home (Stepping Home project).
Transformation	1,322	(185)	-	1,137	To provide funding for efficiency (invest to save) initiatives and to support the delivery of the Strategic Plan.
Warmer Homes Healthy People	35	(15)	46	66	To provide a source of finance to fund grants towards heating of homes.
Youth Leisure	10	-	-	10	Project funding received to support Active Leisure for young people.
Total General Fund Earmarked Reserves	45,374	(15,063)	16,620	46,931	

GENERAL FUND AND HOUSING REVENUE ACCOUNT(HRA) EARMARKED RESERVE SUMMARY 2019/20

	Balance 31 March 2019 £'000	Transfers Out 2019/20 £'000	Transfers In 2019/20 £'000	Balance 31 March 2020 £'000	Purpose of the Earmarked Reserve
HRA Earmarked Reserves:					
Hardship Reserve	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	10,000	-	1,000	11,000	To set aside funds to meet future liabilities for repaying the Self-Financing debt.
Impairment/Revaluation Reserve	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	(6)	-	60	To provide for potential liabilities relating to Municipal Mutual Insurance Limited (MMI).
Acquisition & Development Reserve	1,500	-	3,000	4,500	To fund Housing development programme that has reprogrammed for later years
Total Housing Revenue Account Earmarked Reserves	12,322	(6)	4,000	16,316	