

North Tyneside Council

Report to Cabinet

Date: 29 May 2018

ITEM 3(a)

2017/18 Provisional Finance
Outturn Report

Portfolios: Elected Mayor Finance and Resources	Cabinet Member: Norma Redfearn Councillor Ray Glindon
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Report from Service

Area: Finance

Responsible Officer: Janice Gillespie, Head of Finance **Tel:** 643 5701

Wards affected: All

PART 1

1.1 Executive Summary:

1.1.1 This report, and the supporting Annex 1 and its Appendices, set out details in respect of the provisional outturn for the General Fund, Housing Revenue Account, School balances position, the financial and delivery aspects of the Investment Plan and the delivery of the Treasury Management Strategy for the financial year 2017/18.

1.1.2 The purpose of this report is therefore to:

- (a) Advise Cabinet of the provisional 2017/18 outturn for the General Fund, Housing Revenue Account and Schools Finance (Annex 1, Sections 2, 3 and 4) together with a financial overview of the year (Annex 1, Section 1);
- (b) Advise Cabinet of decisions made under the Reserves and Balances Policy (Annex 1, Paragraph 1.7, and Appendix A);
- (c) Inform Cabinet of the Authority's Investment Plan spend during 2017/18, and the financing put in place (Annex 1, Section 5);
- (d) Seek Cabinet approval for approval of further reprogramming of £8.130m within the Investment Plan (Annex 1, Section 5, Paragraph 5.2.7 and Appendix C);
- (e) Advise Cabinet of the Council's Treasury Management performance (Annex 1, Section 6); and

- (f) Advise Cabinet of the performance of both Capital and Treasury Management Prudential Indicators (Annex 1 Section 7).

1.2 Recommendations:

1.2.1 It is recommended that Cabinet:

- (a) Notes the provisional 2017/18 outturn for the General Fund, Housing Revenue Account and Schools Finance (Annex 1, Sections 2, 3 and 4) together with a financial overview of the year (Annex 1, Section 1);
- (b) Notes the decisions made under the Reserves and Balances Policy (Annex 1, Paragraphs 1.7, and Appendix A);
- (c) Notes the Authority's Investment Plan spend during 2017/18, and the financing put in place (Annex 1, Section 5);
- (d) Approves further reprogramming of £8.130m within the Investment Plan (Annex 1, Section 5, Paragraph 5.2.7 and Appendix C);
- (e) Notes the Council's Treasury Management performance (Annex 1, Section 6); and,
- (f) Notes the performance against the Capital and Treasury prudential indicators (Annex 1 Section 7).

1.3 Forward Plan

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 20 April 2018.

1.4 Council plan and policy framework.

The budget is a key strand of the Authority's Budget and Policy Framework.

1.5 Information - Executive Summary

1.5.1 Annex 1 to this report sets out the provisional outturn for 2017/18 for the General Fund, the Housing Revenue Account, Schools Finances and the Investment Plan. It also provides a summary position on the achievement of the Treasury Management Strategy during the year together with the associated Prudential Indicators for capital and treasury.

1.5.2 **General Fund Revenue Budget:** The budget for 2017/18 was approved by full Council at its meeting of 16 February 2017. The net General Fund revenue budget was set at £152.360m including 'Creating a Brighter Future' savings of £18.338m. The monitoring report up to 31 January 2018 projected an underspend of £0.628m and the final position is an underspend of £0.722m. It is proposed that £0.200m is transferred to the General Fund balance and £0.522m to the Strategic Reserve. After the final transfer, the General Fund Revenue Account shows spend on budget for 2017/18.

- 1.5.3 **Reserves, Balances and Provisions:** As part of the 2017/18 final accounts, amounts have been set aside as provision and reserves for known liabilities and uncertainties that still remain in future years.
- 1.5.4 **Housing Revenue Account:** The Housing Revenue Account has year-end balances of £6.082m, which is £3.2211m above budget.
- 1.5.6 **School Finances:** School balances have decreased from £4.987m to £3.357m, these balances include a significant amount of committed funds and the permitted carry forward of grants for the remainder of the academic year.
- 1.5.7 **Investment Plan:** The final capital expenditure for the year was £76.687m, with a recommendation noted above for Cabinet to approve reprogramming of £8.130m into 2018/19.
- 1.5.8 **Treasury Management:** The Authority has acted prudently during the year, in line with the agreed strategy that the security of the Authority's resources is of greater importance than returns on investments. The level of investments at 31 March 2018 was £16.400m. The level of borrowing (excluding PFI) was £461.155m which is well within the capital financing requirement agreed as part of budget setting. This is primarily due to continued level of internal borrowing.

1.6 Decision options:

Option 1

Cabinet can agree the recommendations as set out in Section 1.2 of this report.

Option 2

Cabinet can disagree with all or some of the individual recommendations set out in section 1.2 of the report.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

It is recommended that Cabinet agree the proposals set out in section 1.2 of this report as it forms part of the 2017/18 Final Accounts process. Reprogramming of the Investment Plan will ensure successful delivery of projects included within the Investment Plan.

1.8 Appendices:

Annex 1	2017/18 Provisional Finance Outturn Report
Appendix A	Reserves & Balances
Appendix B	Investment Plan Financing Summary
Appendix C	Investment Plan Outturn

1.9 Contact officers:

Janice Gillespie - Corporate Finance Matters - Tel 643 5701

Claire Emmerson – Corporate Finance Matters - Tel 643 8109

Cathy Davison – Investment Plan and Corporate Finance matters - Tel 643 5727

Margaret Keith – Treasury Management matters - Tel 643 5747

Alison Campbell – Senior Business Partner – Tel 643 7038

1.10 Background information:

The following background papers and research reports have been used in the compilation of this report and are available at the offices of the author:

- (a) Revenue Budget 2017/18 (P).

<https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/Budget%20Book%20170616.pdf>

- (b) Approved Investment Plan 2017-20 (P).

http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=568115

- (c) Council Reserves and Balances Policy (P).

http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=564080

- (d) Investment Programme Board – End of year report 2017/18

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

As this is a financial report, implications are covered in the body of the report and Annex 1.

2.2 Legal

The Authority has a duty to ensure it can deliver a balanced budget. The Local Government Act 2003 imposes a duty on an authority to monitor its budgets during the year and consider what action to take if a potential deterioration is identified.

2.3 Consultation/community engagement

Internal consultation

Internal consultation has taken place with the Cabinet Member for Finance and Resources, the Elected Mayor, the Senior Leadership Team and Senior Finance Officers. This report will also be presented to the Authority's Finance Sub-Committee at its meeting on 17 July 2018.

Community engagement

The 2017/18 budget was agreed after widespread consultation in line with the Authority's approved Budget Engagement Strategy. Appendix E of the 2017/18 Financial Planning and Budget Process report to Council on 2 February 2017 provides details of the consultation.

2.4 Human rights

The proposals within this report do not have direct implications in respect of the Human Rights Act 1998.

2.5 Equalities and diversity

There are no direct equalities and diversity implications arising from this report.

2.6 Risk management

Potential future financial pressures against the Authority are covered in this report and registered through the Authority's risk management process.

2.7 Crime and disorder

There are no direct crime and disorder implications arising from this report.

2.8 Environment and sustainability

There are no direct environmental and sustainability implications arising from this report.

PART 3 - SIGN OFF

- Deputy Chief Executive x
- Head of Service x
- Mayor/Cabinet Member(s) x
- Chief Finance Officer x
- Monitoring Officer x
- Head of Corporate Strategy x