

From: David Clayton, Interim Finance Support, KEIFCA
To: KEIFCA Committee Meeting, 21 May 2019.
Subject: **2018-19 Final Budget Monitoring Outturn Report and Annual Return**

Classification: Unrestricted

Summary: This report gives the financial position for the Authority as at 31st March 2019. It includes the revenue outturn for the year, the balance sheet, the capital spend for the year and the position regarding Reserves and Balances if this report's recommendations are approved.

It also contains the Annual Return for the year which is to be reviewed by external auditors, PKF Littlejohn.

Recommendation(s):

1. The Authority is asked to review and approve the Final Outturn for the year together with the associated financial statements and to approve the movement of the underspend of £111,493.96 moving to the General Reserve.
2. The Authority is also asked to review and approve the Annual Return and Governance Statement for submission to the external auditors, PKF Littlejohn.

1. Introduction

1.1. This report shows the final revenue outturn for the 2018-19 financial year. As well as providing a report showing the outturn against budget with variances and explanations of the £111,493.96 underspend at Appendix 1, there are also other financial statements for the year.

1.2. Appendix 2 shows the capital expenditure and funding of that expenditure for the year

- 1.3. Appendix 3 shows the balance sheet as at 31st March 2019.
- 1.4. Appendix 4 shows the balances on the reserves, assuming recommendations are accepted.
- 1.5. Appendix 5 is the Annual Return that will be submitted to the external auditors, PKF Littlejohn for their review.

2. Revenue Outturn 2018-19

2.1 The Revenue Outturn for the year is an underspend of £111,493.96. This is an increase of £56,319 from the January forecast underspend of £55,175. The +£56,319 increase in underspend is due to a number of factors:

- +£10.3k reduction in gas costs for Ramsgate Office due to unregistered gas meter creating difficulties with identifying supplier for billing purposes.
- +£10.0k increase in income from hire of Nerissa.
- +£9.6k reduction in vessel repairs and maintenance costs as anticipated major works not required.
- +£9.8k reduction in KEIFCA legal fees
- +£14.3k reduction in KEIFCA support costs
- +£39.3k increase in license and fee takings
- -£45.4k through budgeted drawdown from general reserve to fund research not required in year.
- +£8.6k balance of movement due to more minor changes in spend.

2.2 The main variances for the £111,493.96 underspend against 2018-19 revenue budget are shown below, with the full detail found in Appendix 1.

Budget Heading	Reason for Variation	Amount £
Ramsgate Office Premises Costs	Reduction in gas costs for Ramsgate Office due to unregistered gas meter creating difficulties with identifying supplier for billing purposes.	-10,087
Ramsgate Office - Vessel Costs	Reduction in planned major repairs to vessels	-22,529
Ramsgate Office - Vessel Costs	Budgeted drawdown from general reserve to fund major repairs not required (offsets part of above underspend).	+30,000
Ramsgate Office - Vessel Costs	Increase in Other Costs due to agreed purchase for defibrillators, day grab, sat nav phone and iVMS system.	+10,766

Budget Heading	Reason for Variation	Amount £
Ramsgate Office – Vessel Costs	Reduction in fuel costs	-16,923
Ramsgate Office – Income	Income generated through hire of Nerissa, with no hire income budgeted for 2018-19	-23,661
Brightlingsea Office – Vessel Costs	Reduction in maintenance and repairs to vessels	-6,550
Brightlingsea Office – Vessel Costs	Reduction in fuel & oil costs for vessels	-8,838
Authority Costs – Legal Fees	Underspend against budgeted legal costs for the year	-9,752
Authority Costs – Support Costs	Underspend against budgeted Support Services for the year (payroll, IT, procurement etc).	-14,363
Authority Costs – Advertising	Underspend against budgeted advertising costs with only one Byelaw advertising during the year	-6,694
Authority Costs – Training	Overspend against budgeted training programme for the year	+7,803
Authority income – Licenses & fees	Additional income from licenses and fees during the year	-75,492
Authority income – Grants	Grant payment for Sumaris not budgeted for	-13,310
Authority income – Interest & Investments	Additional interest earned on cash balances with Kent County Council	-8,878
Authority – Reserve Drawdown	Drawdown from general reserve to fund research not required	+52,483
Other	Other minor variances	+4,532
Total		-111,494

2.3 It is recommended that the underspend of £111,494 is transferred to the Authority’s General Reserve. The General Reserve can be used to support the operational budget in future years and is more flexible than transferring it to the Renewals Reserve or one of the Specific Reserves.

A budgeted contribution to the Renewals Reserve of £77,804 took place in 2018-19.

3. Capital Expenditure and Financing

3.1 Appendix 2 shows the capital expenditure for the Authority for the year and where the financing for that expenditure has come from.

£12,980 was spent on two quad bikes with the expenditure fully funded through the renewals reserve.

4. KEIFCA Balance Sheet as at 31st March 2019

4.1 Appendix 3 shows the Authority's balance sheet as at 31st March 2019.

The balance sheet continues to show a healthy position for the Authority, with an increase in net worth and reserves of £84,746 from the 2017-18 final outturn position.

Headline figures are outlined below, with full summary in Appendix 3.

- Fixed Asset Net Book Values have decreased by -£130,579 due to depreciation charges for 2018-19, offset by capitalisation of costs of new quad bikes and the deposit for the new RIB.
- Current Assets have increased by +£731,920, predominantly due to transfer of 2018-19 levies to the Investment Account.
- Creditors increased by -£585,390, predominantly due to cash owed by KEIFCA to KCC.
- Long Term liabilities have decreased by +£68,795, due to reductions in pension liability and capital grants.
- Reserves have increased by -£84,746 due to budgeted contribution to the Renewals Reserve, transfer of the 2018-19 revenue underspend, reduction in pensions liability, offset by 2018-19 depreciation charges made to the capital adjustment account.

5. Balances on Reserves and their Utilisation for 2019-20

5.1 Appendix 4 shows the position of the reserves for the Authority as at 31st March 2019 if the recommendation of transferring the full 2018-19 underspend of £111,493.96 to the General Reserve is approved.

The budgeted amount of £77,804 has been transferred to the Renewals Reserve with capital expenditure of £12,980 drawn down to fund the purchase of two new quad bikes. There was no drawdown from the General or Specific Reserves during the year.

6. Annual Return and Governance Statement

6.1 Appendix 5 is the Annual Return and Governance Statement for the Authority. This will be sent to the external auditors for their review. It contains all the information contained in the Final Monitoring Outturn Report and the Balance Sheet but is presented in a different format. This

return has already been reviewed by Kent County Council's Internal Audit Team and is now ready for the Authority's review and approval.

7. Recommendation:

7.1 The Authority is asked to review the final revenue outturn and associated financial statements for the year 2018-19 and to approve the transferring of the underspend of £111,493.96 to the General Reserve.

7.2 The Authority is also asked to review and approve the Annual Return and Governance Statement for its submission to PKF Littlejohn

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