

## REPORT TO CABINET

<b>Open</b>		Would any decisions proposed :		
<b>Any especially affected Wards</b>	Mandatory/ Operational	(a) Be entirely within Cabinet's powers to decide	YES	
<b>None</b>		(b) Need to be recommendations to Council	NO	
		(c) Be partly for recommendations to Council and partly within Cabinet's powers –	NO	
Lead Member: Cllr N Daubney E-mail:		Other Cabinet Members consulted:		
		Other Members consulted:		
Lead Officer: Toby Cowper E-mail: <a href="mailto:toby.cowper@west-norfolk.gov.uk">toby.cowper@west-norfolk.gov.uk</a> Direct Dial: 01553 616523		Other Officers consulted: Management Team. Service Managers.		
Financial Implications YES	Policy/Personnel Implications NO	Statutory Implications (incl S.17) YES	Equal Opportunities Implications NO	Risk Management Implications NO
If not for publication, the paragraph(s) of Schedule 12A of the 1972 Local Government Act considered to justify that is (are) paragraph(s)				

**Cabinet Date: 10 June 2015**

### REVENUE OUTTURN 2014/2015

#### Summary

The report sets out in summary the revenue outturn of 2014/2015 for the General Fund (council tax accounts). The report shows details of the major differences between actual costs/income and the revised estimates for 2014/2015 reported in February 2015 monitoring.

The accounts show actual Borough spend of £ 18,781,895 which is, after the transfer to reserves, £80,445 less than the February Revised Estimate for 2014/2015. This additional saving will be held within the General Fund balance that is carried forward to 2015/2016.

The Councils continuing strategy is to identify budget savings in year, as part of the monitoring process and at year end. These saving are then transferred to the General Fund Balance for use in future years.

#### Recommendation

**It is recommended that Cabinet approves:**

- 1. The revenue outturn and proposed transfers to reserves for 2014/2015.**

#### Reason for Decision

To approve revenue outturn for 2014/2015 of the Council prior to the external audit of accounts which commences in July 2015.

## 1 Introduction

- 1.1 This report sets out the revenue outturn of the Council's budget for 2014/2015, the details of which will be used to form the Statement of Accounts later in the year.
- 1.2 The Statement of Accounts for 2014/2015 will be taken to Cabinet on the 9 September 2015, for approval by Council on the 24 September 2015. (It is a statutory requirement that the approval and publishing of the Statement of Accounts has to be completed by the 30th September 2015).

## 2 Final Outturn 2014/2015

- 2.1 The revised estimate (in the tables below) has been adjusted from the one reported in the February 2015 monitoring report to allow for the central service recharges. These adjustments represent the recharge of support services and hence are merely movements between service areas and have no "bottom line" effect.

	<b>As reported in February monitoring</b>	<b>Adjusted Estimate for Outturn</b>	<b>Movement</b>
	£	£	£
Corporate	5,013,010	6,014,210	1,001,200
Democracy	1,239,970	1,194,340	(45,630)
<b>Services Areas:</b>			
Central and Community Services	4,115,870	2,883,980	(1,231,890)
Chief Executive	1,975,880	1,992,190	16,310
Commercial Services	5,839,800	6,432,920	593,120
Environment and Planning	1,986,030	2,083,150	97,120
Resources	919,050	488,820	(430,230)
	<b>21,089,610</b>	<b>21,089,610</b>	<b>0</b>

This recharge of support services is required by accounting guidelines to more properly reflect the full cost of a service. The 'net' impact on the accounts is nil.

2.2 The following table uses the revised estimate adjusted in 2.1 to compare to the actual outturn for 2014/2015.

	<b>Revised Estimate 2014/15</b>	<b>Actual 2014/15</b>	<b>Difference Revised to Actual</b>	<b>Note</b>
	<b>£</b>	<b>£</b>	<b>£</b>	
Corporate	6,014,210	6,193,683	179,473	3.1
Democracy	1,194,340	1,153,220	(41,120)	3.2
<b>Services Areas:</b>				
Central and Community Services	2,883,980	1,534,266	(1,349,714)	3.3
Chief Executive	1,992,190	2,025,290	33,100	3.4
Commercial Services	6,432,920	6,773,187	340,267	3.5
Environment and Planning	2,083,150	2,116,401	33,251	3.6
Resources	488,820	477,801	(11,019)	3.7
<b>Service Area Totals</b>	<b>21,089,610</b>	<b>20,273,848</b>	<b>(815,762)</b>	
Financing Adjustment	(3,750,180)	(3,033,227)	716,953	3.8
Internal Drainage Boards	2,608,740	2,608,750	10	
Special Expenses	128,110	146,460	18,350	3.9
Council Tax Support to Parishes	123,460	123,463	3	
<b>Borough Spend</b>	<b>20,199,740</b>	<b>20,119,295</b>	<b>(80,445)</b>	
Contribution to Business Rates	380,000	380,000	0	
Retention Reserve				
Contribution (from) Balances	(1,717,400)	(1,717,400)	0	
<b>Borough spend for 2014/2015</b>	<b>18,862,340</b>	<b>18,781,895</b>	<b>(80,445)</b>	
Additional contribution to Balances	0	80,445	80,445	
<b>Final Revenue Outturn 2014/2015</b>	<b>18,862,340</b>	<b>18,862,340</b>	<b>0</b>	

The table shows a net Borough spend for 2014/2015 of £18,781,895 which is £80,445, less than the revised budget set at £18,862,340.

- 2.3 Service managers over the year ending 31 March 2015 have continued to look for opportunities to produce budget savings that support the Council's drive for reduction in costs. These savings have been reported as part of the monthly monitoring process. In setting the estimates for 2014/2015, in February 2014, it was anticipated that £335,480 would be added to the general fund balance. Out-turn figures show that there will in fact be a withdrawal of £1,667,197 from balances (due to the pension stabilisation payment made in April 2014\*). Excluding the pension adjustment in year savings of £534,020 have been reported as part of the monitoring process Appendix 1. A number of the budget savings were 'one-offs' and will not necessarily be repeated in future years.

*\* Members are reminded that in April 2014 the Council made a payment of £3.1m to the Pension Fund. The original target in 2014/2015 assumed a payment of £0.9m which would be followed by two further annual instalments of £1.2m in 2015/2016 and 2016/2017. The advance payment made in April 2014 saved the Council £176,000 in interest payment to the fund.*

- 2.4 The 2014/2015 outturn is within budget and allows the Council to set aside funds for a variety of future demands in addition to carrying forward a General Fund balance that is higher than originally estimated.

**3. The major differences in the revised estimates and the actual costs are as follows:**

The following pages show the major differences in the revised estimates and the actual costs. Under each budget heading the format shows "Movements to be explained", which are outlined as major variances in the narrative that follows. The Summary heading may also show "Legal Commissioning", this is where the services have used the corporate legal commissioning budget to cover the costs of legal advice. This represents a transfer of charges between the services and the legal team which is the corporate budget holder.

The Budget heading summaries also show items for "Additional Transfers to Reserves" and "Grants Transferred to Reserves". These sums are listed separately at Appendix 2 with the relevant comments.

Two other categories appear in certain Budget heading summaries, "REFCUS" and "Unsupported Borrowing". Both of these items deal with an accounting requirement that shows what the Council, for budget purposes, treats as Capital items as properly being recorded as revenue spending. There is no impact on the accounts of the Council or Council Tax as the charges are reversed out as a part of the Financing Adjustment as shown in paragraph 3.8. Additionally see Appendix 3 for a further explanation.

### 3.1 CORPORATE SERVICES – Deficit £ 179,473

	£
Movements to be explained	(8,888)
Legal Commissioning	3,361
Additional transfers to reserves ( <i>Appendix 2</i> )	185,000
<b>Deficit</b>	<b>179,473</b>

The major variances are as follows:

- **Adjustments to Bad Debt provisions**  
£33,804 net charge to revenue due to an increase in the General Fund bad debt provision.
- **Bank Charges**  
(£48,882) Surplus due to savings generated from the new banking contract, the Council now banks with Barclays Bank PLC.

#### Summary of movement to be explained

	£
Bad Debt Provision	33,804
Bank Charges	(48,882)
Other	6,190
<b>TOTAL</b>	<b>(8,888)</b>

### 3.2 DEMOCRACY – Surplus (£41,120)

	£
Movement to be explained	(61,530)
Grants transferred to reserves ( <i>Appendix 2</i> )	20,410
<b>Surplus</b>	<b>(41,120)</b>

The major variances are as follows:

- **Register of Electors**  
(£20,410) Surplus mainly due to additional Government Grant received towards the cost of individual electoral registration. Grant carried forward for use in 2015/2016.
- **Member Services**  
(£18,730) The overall underspend is mainly due to lower than estimated expenditure on members allowances and travel.
- **Support of the Democratic Process**  
(£18,177) Surplus due to a variety of small budget underspends including a saving on telephones and broadband charges of (£9,410)

### Summary of movement to be explained

	£
Register of Electors	(20,410)
Members Services	(18,730)
Support of the Democratic Process	(18,177)
Other	(4,213)
<b>TOTAL</b>	<b>(61,530)</b>

### **3.3 CENTRAL & COMMUNITY - Surplus (£1,349,714)**

	£
Movements to be explained	(179,796)
REFCUS ( <i>Appendix 3</i> )	(1,169,918)
<b>Surplus</b>	<b>(1,349,714)</b>

The major variances are as follows:

- **Customer Information Centre**  
(£9,722) Surplus due to minor budget underspend within the service.
- **Personnel Services**  
(£92,722) Surplus mainly due to a (£81,000) underspend against the corporate training holding account.
- **Community Safety and Nuisance**  
£16,843 overspend due to one-off spend on upgrading CCTV equipment.
- **Printing and Graphics**  
(£25,409) due to additional external income achieved in year.
- **Policy and Partnerships**  
(£69,056) underspend due to salary savings and additional grant money received in year.

### Summary of movement to be explained

	£
Customer Information Centre	(9,722)
Personnel Services	(92,722)
Community Safety and Nuisance	16,843
Printing and Graphics	(25,409)
Policy and Partnerships	(69,056)
Other	270
<b>TOTAL</b>	<b>(179,796)</b>

### 3.4 CHIEF EXECUTIVE - Deficit £33,100

	£
Movements to be explained	(188,056)
Legal Commissioning	(83,857)
REFCUS ( <i>Appendix 3</i> )	89,638
Grants transferred to reserves ( <i>Appendix 2</i> )	128,566
Additional transfers to reserves ( <i>Appendix 2</i> )	86,809
<b>Deficit</b>	<b>33,100</b>

The major variances are as follows:

- **Economic Regeneration**  
(£91,340) Surplus mainly due to additional grant income received in year of £70,000. Grant transferred to reserves for use in 2015/2016.
- **Home Choice**  
(£14,702) Surplus mainly due to in year savings on advertising costs.
- **Housing Options**  
(£41,994) Surplus mainly due to additional income achieved in year, saving on the homeless prevention fund and salary savings.
- **Regeneration Projects**  
(£29,407) Regeneration works funded by grant re-phased to 2015/2016. Grant transferred to reserves for use in 2015/2016.

#### Summary of movement to be explained

	£
Economic Regeneration	(91,340)
Home Choice	(14,702)
Housing Options	(41,994)
Regeneration Projects	(29,407)
Other	(10,613)
<b>TOTAL</b>	<b>(188,056)</b>

### 3.5 COMMERCIAL SERVICES - Deficit £340,267

	£
Movements to be explained	(35,0370)
REFCUS ( <i>Appendix 3</i> )	348,434
Legal Commissioning	1,900
Unsupported Borrowing	(107,630)
Additional Transfers to Reserves ( <i>Appendix 2</i> )	132,600
<b>Deficit</b>	<b>340,267</b>

The major variances are as follows:

- **Car Parks**  
(£62,051) Additional income on car parking operations for the year 2014/2015
- **CCTV**  
£21,157 Deficit on salaries due to long term staff illness in 2014/2015
- **Crematorium & Cemeteries**  
(£33,278) Surplus is mainly due to in year maintenance savings on cremators
- **Cleaning and Street Sweeping**  
(£32,857) Surplus mainly due to savings on external contractors and a vacant post.
- **Refuse & Recycling**  
£114,050 Deficit due to lower than anticipated income from the new materials recycling agreement.
- **Alive Leisure Outturn 2014/2015**  
(£44,100) This is the Councils share of the 'Alive Leisure Trust' outturn for 2014/2015. This money has been transferred to an earmarked reserve and will be used to develop leisure activities within the borough during 2015/2016.

Summary of movement to be explained

	£
Car Parks	(62,051)
CCTV	21,157
Crematorium & Cemeteries	(33,278)
Cleaning and Street Sweeping	(32,857)
Refuse & Recycling	114,050
Alive Leisure Outturn 2014/2015	(44,100)
Other	2,042
<b>TOTAL</b>	<b>(35,037)</b>

**3.6 ENVIRONMENT AND PLANNING – deficit £33,251**

	£
Movements to be explained	4,129
Legal Commissioning	20,752
Additional Transfers to Reserves ( <i>Appendix 2</i> )	8,370
<b>Deficit</b>	<b>33,251</b>



The major variances are as follows:

- **Food Hygiene and Public Health**  
(£13,364) Surplus mainly due budget saving on professional fees
- **Licenses**  
£24,680 Deficit due to changes in legislation that have resulted in fee reductions.

Summary of movement to be explained

	£
Food Hygiene and Public Health	(13,364)
Licenses	24,680
Other	(7,187)
<b>TOTAL</b>	<b>4,129</b>

**3.7 RESOURCES– Surplus (£11,019)**

	£
Movements to be explained	(212,228)
Legal Commissioning	22,565
REFCUS ( <i>Appendix 3</i> )	9,433
Unsupported Borrowing ( <i>Appendix 3</i> )	320
Grants transferred to reserves ( <i>Appendix 2</i> )	55,601
Additional Transfers to Reserves ( <i>Appendix 2</i> )	113,290
<b>Surplus</b>	<b>(11,019)</b>

The major variances are as follows:

- **Industrial Units**  
£46,854 Deficit mainly due to £20,000 additional repairs expenditure incurred and £30,000 underachievement of rental income (North Lynn industrial estate).
- **Office Accommodation**  
£63,994 Deficit mainly due to repairs and reorganisation of office space within King's Court.
- **Revenues and Benefits**  
(£322,279) Surplus due to additional court cost recovered, additional grants money received, additional Housing Benefits overpayments recovered and a positive variance against the benefits claim.

### Summary of movement to be explained

	£
Industrial Units	46,854
Office Accommodation	63,994
Revenues and Benefits	(322,279)
Other	(797)
<b>TOTAL</b>	<b>(212,228)</b>

### **3.8 Financing Adjustment – Deficit £716,953**

The major element of the Deficit can be explained as follows

	£
Net deficit in interest payments/receivable	(9,163)
REFCUS - Revenue expenditure funded from capital under statute ( <i>Appendix 3</i> )	749,996
Unsupported Borrowing	(23,880)
<b>TOTAL</b>	<b>716,953</b>

### **3.9 Special Expenses – Deficit £18,350**

£18,350 Deficit due to in year changes in the calculation and distribution of special expenses to services, this was not been reported as part of the monitoring process during the year.

## **4 Business Rates Retention Scheme Outturn for 2014/2015**

The financial year 2014/2015 is the second year since the introduction of the Business Rates Retention Funding arrangements. The outturn for Business Rates Retention, along with the government return NNDR3 (National Non Domestic Rates Return 3), will be reported to Cabinet at the same time as the statement of accounts on the 9 September 2015.

Although there are significant sums involved with the calculation of the 'Business Rates Retention' scheme outturn for 2014/2015 the impact on the financial year will be nil. The funds transferred to the Earmarked Reserve will be required in 2016/2017.

**5. General Fund Working Balance**

The underspend on the budget for 2014/2015 results in an increase to the General Fund working balance of £28,804 which provides for a revised balance of the General Fund as at 31 March 2015 of £3,684,475.

**6. Policy Implications**

None

**7. Statutory Considerations**

The external audit of the accounts will be starting in July 2015 and the final version of the Statement of the Accounts for 2014/2015 must have been approved and publishing by the 30th September 2015. This year the external audit of the accounts will be carried out by Ernst and Young LLP.

**8. Consultations**

Leader of Council  
Management Team  
Service Managers

**9. Access to Information**

Council Agenda/Minutes  
Council Financial Plan 2014 – 2018  
Monthly Monitoring Reports

**Monitoring report budget adjustments 2014/2015**

**Appendix 1**

<b>Detail</b>	<b>Monitoring Report</b>	<b>£</b>
Norfolk Pension Service*	April	2,174,000
Utility Costs - overall reduction	May and September	(54,790)
Car Parking Operations - enforcement and contracted services	June and September	(100,000)
Computer Licence Fees - on-going Microsoft licence fees transferred from capital	June	55,000
Industrial rents - reduced income	June	30,000
Internal Drainage Board Levies	June	(8,450)
Telephone costs - reduced costs from new provider	September	(12,500)
Turnover savings - amount achieved in excess of £90,000 target	September	(76,980)
Alive Leisure - working balance agreed as part of new leisure arrangements	September	200,000
Implementation of new leisure arrangements - 2 months later than originally anticipated	September	47,600
Refuse and recycling - staff savings and reduced recycling credits	September	25,860
Community Safety and Nuisance - out of hours enforcement	September	5,000
Performance Review and Efficiency - supplies and services saving	September	(6,330)
Personnel Services - supplies and services saving	September	(8,200)
Printing and Graphics - staffing and equipment contract savings	September	(49,390)
Business Rates - Empty Industrial Units	September	(7,500)
Legal Services review	September	(58,500)
Hunstanton Promenade - annual survey costs	September	3,000
King's Court - additional rental income	September	(12,000)
Financing Adjustment - Interest Payable/Receivable	September	(101,500)
CCTV - Operational savings from contracted services	September	(40,830)
Contribution to capital reserves for improvement works to public conveniences	September	40,830
Hunstanton Promenade	October	20,000
Turnover Savings	October	(76,380)
Public Convenience NNDR refund	January	(33,360)
Minimum Revenue Provision	February	(125,000)
Turnover Savings	February	(281,750)
Turnover Savings – proposed pay award	February	170,000
Corporate Costs and Provisions – Salary on costs	February	(220,000)

Corporate Costs and Provisions – Second homes money	February	(190,000)
Corporate Costs and Provisions – Flood gates	February	40,000
Corporate Costs and Provisions – Pathways	February	20,000
Care and Repair - reduction in income	February	68,800
Public and Open Spaces - Willow Park	February	28,000
Refuse and Recycling - reduction in income	February	218,000
CIC Interactive Voice Response system	February	(24,000)
Community Safety and Neighbourhood Nuisance	February	(17,400)
Home Energy Conservation Act (HECA)	February	(5,250)
Additional Car Park Income	February	(30,000)
Public Cleansing	February	(15,000)
Local Land Charges refunds	February	49,000
<b>Excluding the April pensions adjustment – Total Reduction in Borough Spend</b>		<b>(534,020)</b>

\* Norfolk Pension Service

During April 2014 the Council paid its pension deficit catch-up contributions to the Norfolk Pensions service for years 2014/2015, 2015/2016 and 2016/2017. By paying the Norfolk Pensions service 3 years' worth of contributions (£3,136,000) upfront the council saved approximately £176,000 over the period of the Financial Plan 2014-2017.

**Proposed Transfers to Reserves as at 31 March 2015**

**Appendix 2**

As part of closing the accounts the opportunity has been taken to set up additional transfers to reserves:

<b>Portfolio</b>	<b>Service</b>	<b>Amount to reserve £</b>	<b>Reserve Description</b>	<b>Reason to support proposed transfer</b>
<b>Grants received in year and transferred to Earmarked reserves</b>	Individual Electoral Reg	£20,410	Election Reserve	Additional spend still to be incurred to implement Individual Electoral Registration
	Regeneration Projects	£57,690	Growth Point	Grant monies to be used in 2015/2016
	Economic Development	£70,000	Kings Lynn - The Future	Balance of grant monies for future years
	Housing Standards	£876	Care & Repair, WN Insulation	Balance of grant monies/income for future years
	Revenues and Benefits	£55,601	Reform Funding	Ongoing
<b>TOTAL GRANTS</b>		<b>£204,577</b>		
<b>Corporate</b>	Corporate	£40,000	Office Repair	Contribution to cover the cost of office moves within King's Court
	Corporate	£45,000	Office Repair	Replacement / Upgrade of the microphone system
	Corporate contribution to 'invest to save'	£100,000	Corporate Project Reserve	Contribution to the corporate project reserve to fund Lean and Channel shift initiatives
	Sub Total	<b>£185,000</b>		
<b>Chief Executive</b>	Economic Development	£19,000	Kings Lynn - The Future	Funding required for Hanse Event and Business Convention
	Tourism	£9,000	Cultural & Publicity	Contribution for new mobile phone application
	Housing	£58,809	Housing Options	Required to fund housing enforcement compliance and disturbance payments
	Sub Total	<b>£86,809</b>		

Portfolio	Service	Amount to reserve £	Reserve Description	Reason to support proposed transfer
<b>Commercial Services</b>	Mintlyn Crematorium	£10,000	Mintlyn Repairs & Development	Additional flooring works
	Public Conveniences	£5,000	Public conveniences	Towards change operating system at Wales Court, Downham Market
	Parks and Grounds	£42,500	Open Spaces	Variety of small ongoing projects
	Custom House & TIC	£31,000	Custom House & TIC	Additional capital repairs and maintenance required to Custom House
	Alive Leisure Outturn 14/15	£44,100	Alive Leisure Outturn Reserve	This is the Councils share of the 'Alive Leisure Trust' outturn for 2014/2015. This money will be used to develop leisure activities within the borough during 2015/2016.
	Sub Total	<b>£132,600</b>		
<b>Environment and Planning</b>	Home Defense	£3,870	Coastal Emergencies	Warden payments awaiting response from HMRC
	Radio Phones	£4,500	Coastal Emergencies	New equipment to be ordered
	Sub Total	<b>£8,370</b>		
<b>Resources</b>	Revenues and Benefits	£58,800	Revenue Contributions	Funding for IEG4 Benefits system
	General Properties	£53,000	General Properties Repair Reserve	Contribution to Asbestos survey of Council Buildings and associated works for the removal of asbestos
	Industrial Estate	£1,490	Industrial Services	Admin fee to fund future spend
	Sub Total	<b>£113,290</b>		
<b>TOTAL TRANSFERS TO EARMARKED RESERVES</b>		<b>£526,096</b>		

- **Unsupported Borrowing**

A form of capital finance funded by revenue either by increased income or a reduction in costs. There is not Government grant to support this form of funding.

- **Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

Capital expenditure that does not result in a new or enhanced asset in the Authority's accounts. An example is Disabled Facilities Grants made to individuals. These are charged to the Income and Expenditure Account and reversed out as part of the Financing Adjustment.