

## REPORT TO CABINET

<b>Open</b>		Would any decisions proposed :		
<b>Any especially affected Wards</b>	Mandatory/	(a) Be entirely within Cabinet's powers to decide	YES	
	Operational	(b) Need to be recommendations to Council	NO	
		(c) Be partly for recommendations to Council and partly within Cabinet's powers –	NO	
<b>None</b>				
Lead Member: Councillor Angie Dickinson E-mail: cllr.angie.dickinson@west-norfolk.gov.uk		Other Cabinet Members consulted:		
		Other Members consulted:		
Lead Officer: Michelle Drewery E-mail: michelle.drewery@west-norfolk.gov.uk Direct Dial: 01553 616432		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 YES

**Cabinet Date: 21 September 2021**

## REVENUE OUTTURN 2020/2021

### Summary

The report sets out in summary the revenue outturn for 2020/2021 for the Council. The report shows details of the major differences between actual costs/income compared to the revised estimates for 2020/2021 reported in February 2021 monitoring.

The accounts show the Borough's spend of £16,330,894 which is £7,866 less than the revised position following February's monitoring for 2020/2021. This includes a proposal to transfer £1,690,243 to reserves for continued operations in 2021/2022 and a drawdown of £1,083,135 from reserves to fund the budget. This is a reduction of £174,405 to the estimated drawdown of £1,257,540 as reported in February monitoring position, which means the unused amount will remain within the General Fund Reserve balance that will be carried forward to 2021/2022.

The Council's continuing strategy is to identify budget savings in year, as part of the monitoring process and at year end. Any savings are then transferred to the General Fund Reserve balance for use in future years.

### Recommendation

**It is recommended that Cabinet approves:**

- 1. The draft revenue outturn position for 2020/2021 (section 2)**
- 2. Review and agree the amendments to the Earmarked Reserves Policy (Section 4)**

### Reason for Decision

To approve the draft revenue outturn position for 2020/2021 for the Council.

## 1 Introduction

- 1.1 This report sets out the draft revenue outturn position for 2020/2021, the details of which, once finalised, will be used to form the Statement of Accounts.

The impact of COVID-19 on Local Authorities has been noted with the deadline for the publishing of draft accounts. The Accounts and Audit (Coronavirus) (Amendment) Regulations 2021 has subsequently relaxed key reporting deadlines for local authorities as follows:

- Publish draft accounts by the first working day in August 2021 (previously 31 May);
- Public inspection period to start on or before the first working day of August 2021 (previously included first ten working days of June);
- Publish final audited accounts by 30 September 2021 (previously 31 July).

The Finance Services function has been working extremely hard to try and comply with the revised deadlines. However, COVID-19 and continuing strains on resources has continued to adversely impact the outputs.

Where an audit of accounts has not been concluded before 30 September 2021 an authority must publish (which must include publication on the authority'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 the reasons for this.

The Council's external auditor Ernst & Young have advised that the external audit on the 2020/2021 financial accounts will take place during the period November/December 2021. However, it is anticipated that this timeframe will be impacted further due to the delay of the audit for the 2019/2020 Statement of Accounts which are due to be undertaken during October/November 2021. EY will need to sign off the financial statements for 2019/20 before they can commence the audit of the accounts for 2020/2021. Consequently, the draft accounts for 2020/2021 will be published and will remain on the Council's website until the external audit has concluded and the accounts are approved by the Audit Committee. Further updates on progress will be reported accordingly.

## **2 Outturn 2020/2021**

2.1 The following table shows:

- the approved budget for 2020/2021 as approved by Council on 27 February 2020 (revised structure presented to Cabinet in September 2020)
- Revised budget as approved by Council on 25 February 2021
- February 2021 monitoring, (amended for budget reallocations)
- The draft outturn for 2020/2021
- The Surplus/Deficit column shows the variance comparing February 2021 monitoring position to the draft 2020/2021 outturn

The COVID grant reallocations column is for information purposes and shows how the covid emergency grant and the sales, fees and charges budgets have been reallocated across service areas and contribute to the variances.

	Approved by Council 27 Feb 2020 (revised as per new structure)	Revised Budget Approved by Council 25 Feb 2021	Feb-21 Monitoring & Budget Reallocations	Draft Outturn	(Surplus) / Deficit	Note	COVID Grant Reallocations incl in Feb Monitoring
	2020/21	2020/21	2020/21	2020/21	2020/21		2020/21
	£	£	£	£	£		£
Central Services	3,088,099	2,859,970	2,574,130	2,492,388	(81,742)	3.1	(13,080)
Community and Partnerships	278,730	617,400	1,138,630	1,467,021	328,391	3.2	(673,940)
Environment and Planning	1,694,480	2,175,770	1,550,500	1,222,048	(328,452)	3.3	(87,360)
Operations and Commercial	349,419	2,678,090	1,662,360	215,180	(1,447,180)	3.4	(1,030,420)
Programme and Projects Delivery	216,400	267,090	252,090	283,906	31,816	3.5	0
Property and Projects	(1,239,771)	(1,410,510)	(1,400,220)	(1,451,864)	(51,644)	3.6	(84,610)
Regeneration Housing & Place	856,961	795,200	665,680	397,038	(268,642)	3.7	0
Resources	10,208,442	8,109,660	6,036,790	6,172,551	135,761	3.8	(875,660)
Chief Executive	303,350	303,350	303,350	275,207	(28,143)	3.9	0
Culture and Leisure	1,891,840	4,075,040	1,588,610	1,436,066	(152,544)	3.10	(1,229,120)
<b>Service Area Totals</b>	<b>17,647,950</b>	<b>20,471,060</b>	<b>14,371,920</b>	<b>12,509,541</b>	<b>(1,862,379)</b>		<b>(3,994,190)</b>
Financing Adjustment	1,691,090	1,762,980	384,250	373,976	(10,274)	3.11	0
Internal Drainage Boards	2,809,170	2,819,160	2,819,160	2,819,158	(2)		0
Council Tax Support to Parishes	20,970	20,970	20,970	21,111	141		0
<b>Subtotal</b>	<b>22,169,180</b>	<b>25,074,170</b>	<b>17,596,300</b>	<b>15,723,786</b>	<b>(1,872,514)</b>		<b>(3,994,190)</b>
Reimbursement of lump sum Pension Payment	(5,277,000)	0	0	0	0		0
Pension Payment due 2020/2021	1,707,000	0	0	0	0		0

Contribution to/(from) Balances for Pension	(3,570,000)	0	0	0	0	0
Additional transfers to Reserves	0	0	0	1,690,243	1,690,243	2a
Contribution to / (from) Balances	(349,780)	(3,641,220)	(1,257,540)	(1,083,135)	174,405	
<b>Borough spend for 2020/2021</b>	<b>18,249,400</b>	<b>21,432,950</b>	<b>16,338,760</b>	<b>16,330,894</b>	<b>(7,866)</b>	<b>(3,994,190)</b>
<i>Funded by:</i>						
Central Government – COVID	0	(3,994,190)	0	0	0	3,994,190
Revenue Support Grant	(624,220)	(624,220)	(624,220)	(624,216)	4	0
Rural Service Delivery Grant	(470,700)	(470,700)	(470,700)	(462,830)	7,870	0
New Homes Bonus	(898,180)	(898,180)	(898,180)	(898,185)	(5)	0
Business Rates	(9,479,670)	(9,045,570)	(7,945,570)	(7,945,573)	(3)	0
Council Tax	(6,776,630)	(6,400,090)	(6,400,090)	(6,400,090)	0	0
	<b>(18,249,400)</b>	<b>(21,432,950)</b>	<b>(16,338,760)</b>	<b>(16,330,894)</b>	<b>7,866</b>	<b>3,994,190</b>

- 2.2 Over the year ending 31 March 2021, service managers have continued to look for opportunities to produce in year budget savings. These savings have been reported as part of the monthly monitoring process.
- 2.3 The budget approved by Council in February 2020 included a transfer from General Fund Reserve Balances of £3,919,780 which included a contribution of £3,570,000 towards the upfront pension fund cost where the council would have benefitted from some savings over the 3 year term. However, due to the financial uncertainty of the Covid pandemic on the council's finances, it was decided to revert to annual pension payments. There was also a revised budget approved by Council in February 2021 which amended the estimated transfer from General Fund balances to £1,257,540 which would be used to fund the budget for 2020/2021. The budgeted spend has since reduced further, resulting in a revised drawdown of £1,083,135, a net reduction of £174,405 overall. A breakdown on movements can be seen in Appendix 1a.
- 2.4 Service managers have reduced spend and activity during the year whilst the focus has been on the response to Covid. These favourable variances can be seen in more detail for each service area at section 3 of this report. As the country is now moving away from restrictions and services can resume business as usual activity, consideration has been given to funding required for works or activities that need to continue and require funding going forward. These additional amounts are proposed to be transferred to reserves and are set out in detail in Appendix 2a.
- 2.5 The 2020/2021 outturn is within the revised approved budget set by council in February 2021 and allows the Council to set aside funds for future demands in addition to carrying forward a General Fund Reserve balance that is higher than originally estimated. However, it should be noted that, due to ongoing nature of the pandemic, there will be ongoing economic impact on service delivery as well as the council's financial position throughout 2021/2022. The situation will be closely monitored and reported accordingly to inform on any decisions that may be required.

### **3. Major differences between the revised estimates and the actual costs**

The following pages show the major differences between the revised estimates and the actual costs. Under each budget heading the format shows "Movements to be explained", which are outlined as major variances and explained in the narrative that follows.

**Detailed transfers between reserves are presented in appendices 2a & 2b.** Appendix 2a sets out proposed transfer to reserves for continued operations as mentioned in paragraph 2.4. Appendix 2b sets out grants and third-party contributions received in year where the balances are required to be transferred to reserves to fund future spend.

Two other categories which appear within the narrative that follows are “REFCUS” (Revenue Expenditure Funded from Capital Under Statute) and “Unsupported Borrowing”. Both of these items deal with accounting requirements that show capital items 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 part of the Financing Adjustment as shown in paragraph 3.11. Appendix 3 provides a further explanation.

**Covid spend and loss of income**

Appendix 4 shows the updated position at the year-end on Covid expenditure and loss of income as reported in previous monitoring reports during 2020/2021.

### 3.1 CENTRAL SERVICES – Surplus £81,742

<b>Movements to be explained:</b>		<b>£</b>
1	<p><b>Employee and Related Cost Savings</b>            These have arisen across a number of areas due to vacancies or minor differences in budget to actual costs as follows:</p> <ul style="list-style-type: none"> <li>• Fixed term apprentice (£2,200)</li> <li>• Mayoral transport staff cost (£2,400)</li> <li>• CIC staff (£7,700)</li> <li>• Safety &amp; Welfare (£4,529)</li> <li>• Communications (£5,400)</li> </ul>	(22,229)
2	<p><b>Supplies and Services Cost Savings</b>            Printing, Graphics and Communications; mainly due to restricted activity within the offices due to Covid and face to face meetings being replaced by use of Microsoft Teams (£66,800)            Other variances have arisen due to reduced activity and use of supplies during the pandemic as follows:</p> <ul style="list-style-type: none"> <li>• Safety &amp; Welfare (£8,300)</li> <li>• Elections (£3,200)</li> <li>• CIC (£2,200)</li> <li>• Member Services (£2,400)</li> <li>• Internal Recharges (£3,200)</li> <li>• Other minor variances (£3,229)</li> </ul>	(89,329)
3	<p><b>Premises and Transport Cost Savings</b>            Minor variances due to reduced activity whilst lockdown restrictions in place from premises costs (£3,100) and transport costs (£3,352)</p>	(6,452)
4	<p><b>Loss in income</b>            Service Level Agreement loss of income from Alive West Norfolk £120,100, has been partly offset by sales, fees and charges grant claim of (87,528)</p>	32,572
5	<p><b>Other minor variances</b></p>	3,696
<b>Surplus</b>		<b>(81,742)</b>



### 3.2 COMMUNITY and PARTNERSHIPS – Deficit £328,391

<b>Movements to be explained:</b>		<b>£</b>
1	<p><b>Careline</b></p> <p>An unexpected grant was received during the year, alongside an underspend on contracted services. A further saving arose from a staff vacancy during the year.</p>	(88,949)
2	<p><b>Community Safety &amp; Neighbourhood Nuisance</b></p> <p>Community Safety and Neighbourhood Nuisance – under budget due to no new projects initiated during the year as covid meant other priorities took over</p>	(18,909)
3	<p><b>Housing</b></p> <p>Cost of external legal fees was higher than anticipated. This is due to an ongoing legal dispute where the council shares 50% of the costs of this dispute with another district council. There were also unexpected costs relating to memberships and subscriptions</p>	20,381
4	<p><b>Housing Options</b></p> <p>Benefit income for temporary accommodation exceeded the budget by £335,000 in addition to a significant underspend on bed and breakfast accommodation of £25,500 – this budget is unpredictable and will depend on the availability of hostel accommodation. Variances have arisen where two posts were budgeted for, along with a corresponding budget for grant income to cover the cost of the posts. The salary budgets were then removed, but the grant budget remained creating an adverse variance of £74,000 in total. Transfers from reserves were not required as budgeted, creating a variance of £36,500. Covid expenditure of £667,990 is also included where emergency covid grant budget and income has been allocated against this spend. However, the spend had no budget allocated against it causing an adverse variance. Other minor variances make up the difference of £10783.</p>	428,773
5	<p><b>Community Transport</b></p> <p>Community Transport is under budget by £8,616 due to timing during the year of the new ferry supplier commencing their contract</p>	(8,616)
6	Minor Variances	(4,289)
	<b>Deficit</b>	<b>328,391</b>

### 3.3 ENVIRONMENT AND PLANNING – surplus £328,452

<b>Movements to be explained:</b>		<b>£</b>
1	<p><b>Licensing</b> Original income was not anticipated to be as high as out-turn revealed. This was due to a mixture of uncertainty around both Brexit and Covid. It was assumed that numbers of licenses and therefore income would decrease, but a surge of licences later in the financial year saw income increase. There has also been a surge in the number of dog breeders seeking licences for their activity, due to new legislation. An extra £1,500 was received in this way.</p>	(27,542)
2	<p><b>Food Hygiene</b> Original income was budgeted low due to the unknown impact of both Brexit and Covid but actuals have surpassed that which was anticipated. There have been savings on travel and associated costs due to fewer visits (due to Covid closures) and a reduction in the need for agency staff as well as some staffing savings due to vacant posts</p>	(54,716)
3	<p><b>Emergency Planning</b> Savings have been made on travel costs; room hire for training exercises as well as the costs associated with training. No allowances have been paid to volunteers. This is due to lower activity due to covid restrictions in place</p>	(15,262)
4	<p><b>Pollution Monitoring</b> Some of the units used in air quality monitoring are old and have had more repairs</p>	3,810
5	<p><b>Coastal Defence / Protection</b> Repairs to the Hunstanton Promenade are difficult to predict and very much weather dependent. Repairs were less than anticipated during 2020/2021, creating a saving of £16,000, along with a reduction in the use of specialist consultants, creating another saving of £10,000</p>	(26,390)
6	<p><b>Development Control</b> Planning income is always extremely volatile and subject to a number of external factors. Income during 2020/2021 exceeded expectations, due to the stamp duty holiday and the markets moving during breaks from lockdown. Planning Appeal fees were also less than the budget – again this very much depends on appeals raised during the year.</p>	(189,854)
7	<p><b>Planning Policy</b></p>	(30,566)

<b>Movements to be explained:</b>		<b>£</b>
	A vacant post for part of the year has resulted in some small salary savings and an extra neighbourhood planning grant which was unexpected was also received in year	
8	<b>Street Naming &amp; Numbering</b> Street Naming and Numbering income was higher than expected, this is purely down to new estates and roads being named and numbered (£3,000). This was alongside recharges to third parties for street naming and numbering information required (£4,000)	(7,029)
9	<b>Back Office</b> Postage recharges were less than anticipated due to less staff in the office due to Covid, and therefore there has been an increase in the use of alternative method of other communication	12,502
10	Minor Variances	6,595
<b>Surplus</b>		<b>(328,452)</b>

### 3.4 OPERATIONS and COMMERCIAL – Surplus £ 1,447,180

Movements to be explained:		£
1	<p><b>Carparking King's Lynn and West Norfolk / Carparking Shared Services</b></p> <p>Government travel restrictions and national lockdown due to Covid led to a significant loss in car parking income. With retail shops closed and people working from home during 2020/2021, the car parks in Kings Lynn have been practically empty for significant periods during the year. However, £1,551,000 has been recovered through the Government Sales, Fees and Charges Scheme as well as savings on staff and increased income from resorts car parks</p>	(224,004)
2	<p><b>CCTV</b></p> <p>Additional income of £70,000 from the installation of CCTV in Swaffham, Saddlebow and Great Yarmouth and savings across the area on repairs and maintenance</p>	(125,880)
3	<p><b>Crematorium and Cemeteries</b></p> <p>£230,000 of extra income from Cremation fees at Mintlyn Crematorium was generated as a result of providing additional one-off services for a neighbouring county when their facility was closed due to fire and the slight increase in national death rates during the pandemic. Trading income has been reduced by £30,000 as Covid restrictions led to investment in making more services available online. Other minor variances make up the difference.</p>	(183,328)
4	<p><b>Parks, Sports &amp; Open Spaces</b></p> <p>Numerous savings across the area on staffing related costs such as salaries - £96,000, Overtime - £40,000, seasonal wages - £40,000. There have also been savings on fuel of £41,000, £16,000 for special events and on materials. All of these savings are due to government's restrictions surrounding the pandemic. £66,000 which was not budgeted for, was received from a section 106 agreement to contribute to grounds maintenance. Other minor variances make up the difference.</p>	(331,739)
5	<p><b>Resort</b></p> <p>Shortfall on rent income of £30,000 due to Covid restrictions. The Sea Life Centre rent is not constant and will depend on visitor numbers. Due to covid restrictions, the Centre was closed and so losses in rental income occurred. The seasonal chalets were also closed.</p>	37,257

<b>Movements to be explained:</b>		<b>£</b>
6	<p><b>Refuse and Recycling</b>  Covid and lockdowns during 2020/2021 made a big impact on the Refuse and Recycling area where there has been a shortage of income from trade waste but a significant increase in household waste. The new Serco contract did not start until the end of March 2021. By not being able to run the brown bin service in March 2020, customers were granted an extra month on their contracts, which resulted in losses. However, the Refuse and Recycling area saw extra income from bulky waste collections and made savings by not running the food waste service. The food waste service therefore saved £138,000, with the rest of the refuse and recycling service creating a total deficit of £244,000, leaving a net deficit of £106,000.</p>	106,404
7	<p><b>Cleansing and Street Sweeping</b>  Expenditure has been lower than usual due to Covid restrictions and lockdowns, with savings made across the area</p>	(24,528)
8	<p><b>Depots</b>  New cables, cameras, flooring, and a cooling system for the Old Meadow Road office, along with increases in repairs costs for the end of the Kier contract, led to extra pressure on the budget</p>	59,006
9	<p><b>Public Conveniences</b>  Local resort areas have seen increases in visitor numbers due to Government overseas travel restrictions, which has resulted in extra pressure on public conveniences and water usage</p>	14,755
10	<p><b>Other Operations and Commercial</b>  Minor Variances</p>	6,209
11	<p>This is primarily funding received for the third (unbudgeted) claim against Sales, Fees and Charges Government support for income lost due to Covid – (£886,787). Of this, £133,367 relates to refuse and recycling, which was a claim for the loss of income from recycling, garden and trade waste, There were unsupported borrowings of £105,455 for new vehicles as a result of the Serco contract</p>	(781,332)
<b>Surplus</b>		<b>(1,447,180)</b>

### 3.5 PROGRAMME & PROJECTS DELIVERY - Deficit £31,816

<b>Movements to be explained:</b>		<b>£</b>
1	<p><b>Procurement</b>            Minor overspend on salary costs due to budget issues in 2020/21 that have been amended in 2021/22 - £7,000.            Subscriptions and memberships higher than anticipated due to a joining fee for a Consultant Framework - £4,000</p>	11,027
2	<p><b>West Norfolk Housing Subsidiary</b>            Credit balance relates to an accrual for income from West Norfolk Housing company for utilities charges and running costs and other minor costs which were not budgeted for</p>	(12,361)
3	<p><b>Corporate Projects</b>            Timing issues relating to interest transfer to funds, with some small underspends on consultancy and room hire costs. Land rents income was higher than anticipated due to the inclusion of accruals for ground rents and insurance costs for both 2019/20 and 2020/21 financial years.</p>	33,150
	<b>Deficit</b>	<b>31,816</b>

### 3.6 PROPERTY and PROJECTS – Surplus £51,644

<b>Movements to be explained:</b>		<b>£</b>
1	<b>Industrial Units</b> Land rents received relating to the Hardwick Industrial Estate were greater than anticipated	(53,904)
2	<b>General Properties</b> The overspend relates to an increase in repairs required and increased costs in relation to electrical, heat and waste connections for temporary accommodation	13,320
3	<b>KLIC</b> Income from hire of meeting rooms was not as high as anticipated.	28,019
4	<b>Offices</b> Salary costs were higher than expected during the year, this was due to extra cleaning staff from the Town Hall, which the council were charged for. There has been high touch point daily cleaning in place, and so cleaners have been paid extra hours. AWN staff that would have been furloughed were utilised for some of these services, but differences in grades and salary rates contributed to the overspend.	62,691
5	<b>Property Services</b> Due to a number of vacancies during the year, there has been an underspend on salary costs	(76,116)
6	<b>Street Lighting</b> This underspend relates to the delay of purchase of new lighting columns	(5,101)
7	<b>Shops &amp; Offices</b> This relates to REFCUS	(20,553)
	<b>Surplus</b>	<b>(51,644)</b>

### 3.7 Regeneration Housing and Place – Surplus £268,642

<b>Movements to be explained:</b>		<b>£</b>
1	<p><b>Conservation and Heritage</b></p> <p>A reduction in repairs to Greyfriars Tower (£12,000) during the pandemic which is offset by minor variances in repairs and utilities.</p>	(11,964)
2	<p><b>Economic Regeneration</b></p> <p>Business start-up initiatives were unable to be undertaken during the pandemic resulting in an underspend (£61,000), coupled with a travel underspend (£3,000). However, against this is a variance of £90,000 relating to expected grant income which has not been achieved. This is currently being investigated. There is also unbudgeted spend on professional fees of £35,500. There were some minor variances to repairs and salaries making up the difference overall.</p>	77,783
3	<p><b>Guildhall and Arts</b></p> <p>Costs of the Arts Initiatives of £54,000 exceeded the grant received for this project of £35,000. This was offset by a saving of £23,000 where contributions to the Arts Initiatives were not actioned as a result of government restrictions due to covid.</p>	(3,746)
4	<p><b>Housing Strategy</b></p> <p>Unbudgeted income of £297,000 was received for affordable housing which came from a variety of developers for contributions for distribution. However, during 2020/21 no funds were distributed as there were no appropriate opportunities that would have been beneficial for the council. The remaining underspend was a result of minor variances for transport and salaries due to Covid.</p>	(314,999)
5	<p><b>Museums</b></p> <p>The salary budget was increased to accommodate a new post. However, the post was not filled as soon as anticipated.</p>	(18,636)
6	<p><b>Regeneration Projects</b></p> <p>Minor variances on repairs, travel and transport, mainly due to Covid restrictions throughout 2020/2021</p>	(3,945)
7	<p><b>Tourism</b></p> <p>Savings of £45,000 are due to various tourism initiatives that could not take place due to local government restrictions in response to Covid. Hunstanton TIC was closed during lockdown resulting in a £32,000 underspend.</p>	6,865



	These savings were offset by £83,000 of grants paid to businesses during the pandemic.	
<b>Surplus</b>	<b>(268,642)</b>	

### 3.8 Resources – Deficit £135,761

<b>Movements to be explained:</b>		<b>£</b>
1	<b>ICT</b> SLA income gap for ICT support to AWN of £22,000 (SFC scheme funded 75% of 95% of budget), duplicate budget for internal recharges £71,000, mobile phones/telephones £19,500 and additional software and hardware costs not budgeted for £18,000.	130,815
2	<b>Financial Services</b> Shortfall in SLA for AWN after sales, fees and charges claim £35,000. This was offset by savings on salary costs £15,000, professional fees £9,000, postage costs of £7,000 and other minor variances £7,000 due to reduced activity during the pandemic.	(2,838)
3	<b>Internal Audit &amp; Fraud</b> Salaries underspend £4,000, additional Single Person Discount Scheme funding received from NCC of £21,500 and £4,000 minor variances.	(29,258)
4	<b>Corporate Insurance</b> Premiums were lower than anticipated.	(37,934)
5	<b>Corporate Management Team</b> Minor variances	2,640
6	<b>Cost Reduction</b> Cost Reduction Savings of £476,000 were not achieved due to corporate decision to prioritise resources on Covid response. Therefore, no transfer to reserves against this budget was actioned. However, ongoing staff recharges of £58,000 have still been actioned contributing to favourable variance.	(533,985)
7	<b>Interest</b> Higher interest received on investments than anticipated due to higher balances held as a result of additional Government Grants to support the pandemic	(18,405)
8	<b>Treasury Management</b> The council has not actioned any borrowing arrangements in year resulting in savings on brokerage fees	(10,500)
9	<b>Special Expenses &amp; Taxation &amp; Grants</b> Minor Variances	(1,680)

<b>Movements to be explained:</b>		<b>£</b>
10	<b>Revenues &amp; Benefits</b> Increase in postage costs £9,000, additional housing payments £17,300, overpayments/write offs/penalties not raised £51,000 whilst debt recovery paused, court costs income not achieved £212,000 due to reduced action, court costs £7,000, land registry fees £2,000, all offset by favourable variances of covid grant income £78,000, travel £5,000, salaries £16,000, professional fees £6,000 and other minor variances totalling £14,000	179,025
11	<b>Corporate Costs &amp; Provisions</b> Covid emergency grant income was budgeted for and received but there was no expenditure budget relating to the spend of £308,000. Other costs include unbudgeted salary related costs of £20,500, additional audit fees incurred of £40,000 (2018/19 accounts), increase in subscription fees of £12,000, card transactions fees (relating to a cost reduction project) of £15,600 and other minor variances of £6,600. These are offset by favourable variances of bank charges £21,000, technical adjustment in relation to a loan settlement £100,000, reduction in stationery costs of £22,800 and unspent computer equipment budget of £10,000. Other minor variances make up the difference.	256,441
12	<b>Corporate Initiatives</b> One Vu Project - This is a Corporate Initiative to drive savings through joint working. However, due to Covid this has not been progressed during the year.	201,440
<b>Deficit</b>		<b>135,761</b>

### 3.9 Chief Executive – Surplus £28,143

<b>Movements to be explained:</b>		<b>£</b>
1	<b>Legal Services</b> Legal fees lower than budgeted as a result of reduced activity during lockdown restrictions	(42,799)
2	<b>Income</b> Income under budget from legal fees and court recoveries as no action taken whilst lockdown restrictions were in place.	18,510
3	Minor Variances	(3,854)
<b>Surplus</b>		<b>(28,143)</b>

### 3.10 Culture and Leisure – Surplus £152,544

<b>Movements to be explained:</b>		<b>£</b>
1	<b>Utilities</b> Savings from utilities across all venues due to additional lockdowns	(259,560)
2	<b>Repairs and Maintenance Recharges from AWN</b> Savings on repairs and maintenance recharges from Alive West Norfolk	(8,421)
3	<b>Pavilions and Sports Grounds</b> Additional costs for grounds maintenance of £11,254 - this was offset by savings from AWN recharges	11,254
4	<b>Town Hall Complex</b> Shortfall on income of £36,000 due to additional lockdowns. This was partly offset by savings on supplies and services of £23,000	13,196
5	<b>Arts Centre Complex</b> Shortfall in income of £33,000 due to additional lockdowns which was partly offset by savings on supplies and services of £13,000	19,570
6	<b>Corn Exchange and Sports Facilities</b> Shortfall in income of £131,000, mainly due to the management fee from AWN. Savings from unsupported borrowing due to delay in the replacement of capital equipment and capital works within the venues (£110,000). Borough Council funding to Alive West Norfolk of £968,000 which was offset by grants of £938,000	53,325
7	<b>Community Centres</b> Transfer to reserves for Kings Lynn Area Consultative Committee for future projects due to South Lynn Community Centre being used to relocate Borough Council staff	20,000
8	<b>Minor Variances</b>	(1,908)
<b>Surplus</b>		<b>(152,544)</b>

### 3.11 Financing Adjustment – Surplus £10,274

Usually interest receivable is allocated internally to various reserve balances but due to interest rates on the current account being nil, it was

recognised that it was not beneficial to undertake the work needed to do this.

#### 4. Amendments to the Earmarked Reserves Policy

The Council's policy on earmarked reserves states that the maximum balance to be held in each policy area is:

Reserves Policy Area	Balance as at 31 March 2021 £'000	Current maximum balance to be held £'000	Proposed new maximum balance to be held £'000
Amenity Areas	265	300	300
Capital Programme Resources	6,776	10,000	9,000
West Norfolk Partnership	888	1,100	1,100
Insurance Reserve	216	300	300
Restructuring Reserve	334	1,000	1,000
Repairs and Renewals Reserve	900	2,500	2,000
Holding Accounts	2,167	2,600	2,600
Ring Fenced Reserves	3,091	2,500	3,200
Planning Reserves	205	1,000	800
Grants Reserves	3,932	3,200	4,200
Collection Fund Adjustment Reserve	4,523	4,000	4,600
Projects Reserve	357	1,500	800
Other Total	462	400	500
	<b>24,116</b>	<b>30,400</b>	<b>30,400</b>

It is proposed to amend the earmarked reserves policy balance as follows:

- Capital programme resources held in reserves to be reduced from £10,000,000 to £9,000,000
- Repairs and Renewals to be reduced from £2,500,000 to £2,000,000
- Ring-fenced reserves to increase from £2,500,000 to £3,200,000 due to increase in Community Infrastructure Levy funds
- Planning Reserve to be reduced from £1,000,000 to £800,000
- Grants Reserves to be increased from £3,200,000 to £4,200,000
- Collection Fund Adjustment Reserve to be increased from £4,000,000 to £4,600,000
- Projects Reserve to be reduced from £1,500,000 to £800,000
- Other miscellaneous reserves to increase from £400,000 to £500,000

## **5. General Fund Working Balance**

The reduction in spend against the revised budget for 2020/2021 results in a revised balance of the General Fund Reserve as at 31 March 2021 of £8,998,382 (£10,081,517 as at 31 March 2020).

As per the Financial Plan 2020 - 2025 the Council is forecast to fund the budget by using General Fund Reserves balances over the next 4 years. Estimates are subject to change due to the ongoing financial implications of COVID on the council and any announcements on changes in Government funding.

## **6. Policy Implications**

None

## **7. Statutory Considerations**

As detailed above, the external audit of the accounts for 2020/2021 will not be completed by 30 September 2021. We are also in discussion with Ernst & Young, the council's external auditor, in respect of their timetable for completing the 2019/2020 audit. The audit of accounts for 2020/2021 will subsequently follow.

Ernst and Young LLP have been appointed as the Council's auditors for the period 2018/2019 to 2022/2023.

## **8. Consultations**

Leader of Council  
Management Team  
Service Managers

## **9. Access to Information**

Council Agenda/Minutes  
Council Financial Plan 2020 – 2025  
Monthly Monitoring Reports 2020/2021

**Monitoring report budget adjustments 2020/2021**

**Appendix 1a**

<b>Month/Qtr</b>	<b>Detail</b>	<b>£</b>
	<b>2020-21 Approved Budget from General Fund</b>	<b>(349,780)</b>
2020/21	Quarter 1	(5,123,980)
2020/21	Quarter 2	816,410
October 2020	Central Services	69,200
	Community and Partnerships	(22,350)
	Companies and Housing Delivery	36,100
	Environment and Planning	(138,820)
	Operations and Commercial	1,313,240
	Property and Projects	211,170
	Regeneration Housing & Place	71,040
	Resources	(383,640)
	Culture and Leisure	(2,153,160)
	Financing Adjustment	(71,890)
	Internal Drainage Boards	(9,990)
	Other Government Grants	2,095,230
January 2021	Central Services	84,200
	Community and Partnerships	328,000
	Operations and Commercial	487,200
	Property and Projects	51,000
	Regeneration Housing & Place	48,900
	Resources	24,000
	Chief Executive	14,030
	Culture and Leisure	(10,060)
February 2021	Central Services	210,160
	Community and Partnerships	23,010
	Companies and Housing Delivery	15,000
	Environment and Planning	(24,560)
	Operations and Commercial	(52,300)
	Property and Projects	(14,030)
	Regeneration Housing & Place	9,000

<b>Month/Qtr</b>	<b>Detail</b>	<b>£</b>
	Resources	127,570
	Chief Executive	4,000
	Culture and Leisure	1,223,000
	Financing Adjustment	(192,500)
	Internal Drainage Boards	28,060
Draft Outturn 2020/2021	Central Services	81,742
	Community and Partnerships	(328,391)
	Companies and Housing Delivery	(31,816)
	Environment and Planning	328,452
	Operations and Commercial	1,447,180
	Property and Projects	51,644
	Regeneration Housing & Place	268,642
	Resources	(135,761)
	Chief Executive	28,143
	Culture and Leisure	152,544
	Financing Adjustment	10,274
	Internal Drainage Boards	2
	Council Tax Support to Parishes	(141)
	Additional Transfer to Reserves	(1,690,243)
	Grants	(7,866)
<b>Draft Outturn 2020/2021 amount to be transferred from General Fund Balance</b>		<b>(1,083,135)</b>



**Proposed Transfers to Reserves as at 31 March 2021****Appendix 2a**

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

The additional amounts proposed to be transferred to reserves are:

<b>Service Head</b>	<b>Service</b>	<b>Description</b>	<b>Amount to Reserve £</b>
<b>Community &amp; Partnerships</b>	Financial Assistance	Themed fund not utilised in 2020/21 due to covid. This fund will be used in future years for either covid recovery grants or the Queens Platinum Jubilee	4,000
	Community Safety & Neighbourhood Nuisance	Financial Assistance not utilised during 2020/21 due to covid. To be used to fund schemes going forward	13,000
<b>Community &amp; Partnerships Total</b>			<b>17,000</b>
<b>Operations and Commercial</b>	CCTV	Funding for software support licence to be used to bulk buy the software support required for licencing of the CCTV system	29,312
	CCTV	To be used to replace or refurbishment the current stock of cameras, several of which will need replacing during 2021/22	25,209
	Cemeteries and Crematorium	Balance to be moved to reserves for memorial safety testing that occurs once every five years	4,700
	Cemeteries and Crematorium	Due for cremator repairs which are ongoing and are needed. Funded by extra cremations for Boston	80,000
	Cemeteries and Crematorium	To finalise the memorial lawn extensions. Some prep work has been done, but risk of running out of sellable space if works not completed	20,000
	Parks, Sports Grounds & Open Spaces	Carried forward to be used for events that did not take place during 2020/21	3,000
	Parks, Sports Grounds & Open	Planned works delayed due to covid. Will be used for fountain	2,920

<b>Service Head</b>	<b>Service</b>	<b>Description</b>	<b>Amount to Reserve £</b>
	Spaces	plumbing refurbishment	
	Car Parking King's Lynn	This is the promotions budget not utilised during 2020/21 which will be used during 2021/22 for events including those relating to the Queens Platinum Jubilee	92,000
	Food Waste	To be used in 2021/22 to relaunch the food waste scheme	10,000
<b>Operations &amp; Commercial Total</b>			<b>267,141</b>
<b>Environment &amp; Planning</b>	Climate Change Strategy	To fund climate change actions in 2021/2022 once Climate Change Strategy approved	1,000,000
	Coastal Defence/Protection	To fund future years expenditure as part of the Coastal Management Plan	15,567
	Neighbourhood Planning	To fund future work on neighbourhood plans	9,320
<b>Environment &amp; Planning Total</b>			<b>1,024,887</b>
<b>Property &amp; Projects</b>	Office Accommodation	Sinking fund contributions to be transferred to reserves	31,599
<b>Property &amp; Projects Total</b>			<b>31,599</b>
<b>Regeneration</b>	Tourism	Pilgrimage Trail Plaques could not be progressed during 2020/21. Plans have now been renewed and expanded	550
	Tourism	King's Lynn town centre pedestrian fingerposts need urgent care as upkeep could not take place during 2020/21 due to lockdowns and other priorities arising from covid	1,500
	Tourism	To be used to boost tourism in the area during 2021/22 and support local business's profiles after the impact of covid	8,226
	Tourism	Street Art project which will further support the Heritage Open Day street activities, which could not take place during 2020/21 due to covid	5,570

<b>Service Head</b>	<b>Service</b>	<b>Description</b>	<b>Amount to Reserve £</b>
<b>Regeneration Total</b>			<b>15,846</b>
<b>Resources &amp; Section 151</b>	Corporate	To be used to fund small projects and initiatives	250,000
	Audit	Contribution to new service provision by Eastern Internal Audit Services	3,770
<b>Resources &amp; Section 151 Total</b>			<b>253,770</b>
<b>Leisure</b>		To be used to fund the Summer School of Play	40,000
		To be used to fund the sports facilities and Playing Field Strategy during 2021/22	40,000
<b>Leisure Total</b>			<b>80,000</b>
<b>Grand Total</b>			<b>1,690,243</b>

## Appendix 2b

The additional grants / third party contributions received in year, which have been transferred to reserves are:

<b>Service Head</b>	<b>Service</b>	<b>Description</b>	<b>Amount to Reserve £</b>
<b>Central &amp; Community</b>			
Chief Executive	Assistant to Chief Executive	Contain Outbreak Management Fund (COMF) grant monies to be used to fund future spend	651,481
<b>Central &amp; Community Total</b>			<b>651,481</b>
<b>Community &amp; Partnerships</b>			
Housing Options	Rough Sleeper Fund	Funding to be used in future years	77,233
Housing Options	Homelessness Prevention	Balance of DCLG grant to fund future spend	278,862
Housing Options	Early Help Hub Co-Ordinator	Grant funding for post to be used in future years	9,045
Housing Options	Rough Sleeper Initiative	Grant funding to be used in future years	24,296
<b>Community &amp; Partnerships Total</b>			<b>389,436</b>
<b>Resources</b>			
Revenues & Benefits	Covid 19 Grants	New Burdens Funding to be used in future years	228,800
<b>Resources Total</b>			<b>228,800</b>
<b>Grand Total</b>			<b>1,269,717</b>

- **Unsupported Borrowing**

A form of capital finance funded by revenue either by increased income or a reduction in costs. There is no 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.

- \* **Minimum Revenue Provision (MRP)**

The Council is required to pay off an element of its underlying need to borrow (the Capital Financing Requirement) each year through a revenue charge (MRP).

A variety of options for MRP calculation are available to councils, so long as there is a prudent provision. The Council uses the Asset Life Method as set out below.

Asset Life Method – MRP will be based on the estimated life of the assets, in accordance with the proposed regulations which provides for a reduction in the borrowing need over approximately the asset's life.

**Covid spend tables (to follow)**