

## 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: All Cabinet		
		Other Members consulted: Leader of the Council, Councillor Stuart Dark		
Lead Officer: Carl Holland E-mail: carl.holland@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
If not for publication, the paragraph(s) of Schedule 12A of the 1972 Local Government Act considered to justify that is (are) paragraph(s)				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: 2 August 2022**

## REVENUE OUTTURN 2021/2022

### Summary

The report sets out in summary the revenue outturn for 2021/2022 for the Council. The report shows details of the major differences between actual costs/income compared to the revised estimates for 2021/2022 reported in February 2022 monitoring.

The accounts show the Borough's spend of £20,578,724, which is £70,294 more than the revised position following February's monitoring for 2021/2022.

Throughout the year there was significant uncertainty and variation to budget as reported in the budget monitoring report, largely as a result of the financial impact of recovery from the pandemic on the local economy and related variation to demands on service. In addition to this, during the year concerns emerged of growing inflation and the Government's Office for Budget Responsibility made forecasts of inflation up to 10% for 2022/23, widely impacting the cost of living for individuals and businesses.

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. As a result consideration has been given to allocating specific funds to support the community and provide contingency for known and estimated inflationary increases to the Council. Appendix 2 shows more detail.

The Outturn includes additional transfers of £2,808,850 to earmarked reserves for continued operations in 2022/2023. The General Fund Reserve is increased to £8,983,760 at the start of 2022/2023 following the contribution from 2021/2022 surplus of £287,745.

**Recommendation**

It is recommended that Cabinet approves:

1. The draft revenue outturn position for 2021/2022 (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 2021/2022 for the Council.

## 1 Introduction

- 1.1 This report sets out the draft revenue outturn position for 2021/2022, 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 2022 (previously 31 May);
- Public inspection period to start on or before the first working day of August 2022 (previously included first ten working days of June);
- Publish final audited accounts by 30 September 2022 (previously 31 July).

The Finance Services function has been working extremely hard to try and comply with the revised deadlines. However, the impact of delays on external audits affecting numerous authorities nationally and the work to improve use of the financial management system has continued to adversely impact the outputs.

Where an audit of accounts has not been concluded before 30 September 2022 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 2021/2022 financial accounts will take place during the period February 2023. However, it is anticipated that this timeframe will be impacted further due to the delay of the audit for the 2019/2020 and 2020/21 Statement of Accounts which are planned to be undertaken during July/August 2022. EY will need to sign off the financial statements for 2019/20 before they can commence the audit of the accounts for 2021/2022. Consequently, the draft accounts for 2021/2022 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 2021/2022

2.1 The following table shows:

- the approved budget for 2021/2022 as approved by Council on 25 February 2021 (with budgets re-allocated to reflect revised management structure incorporating both the Monitoring Officer and Assistant Director - Health, Wellbeing and Public Protection)
- Revised budget as reported in the February 2022 Monitoring Report, published 6 May 2022
- The draft outturn for 2021/2022
- The Surplus/Deficit column shows the variance comparing February 2022 monitoring position to the draft 2021/2022 outturn

	Approved by Council 25 Feb 2021	Restated Budget Approved by Council 25 Feb 2021	Feb-22 Monitoring & Budget Reallocations	Draft Outturn	(Surplus) / Deficit	Note
	2021/22	2021/22	2021/22	2021/22	2021/22	
	£	£	£	£	£	
Central Services	2,909,310	2,815,310	2,710,070	2,652,225	(57,845)	3.1
Health Wellbeing and Public Protection	329,710	2,130,110	2,028,330	1,831,664	(196,666)	3.2
Environment and Planning	2,117,340	1,506,990	1,057,150	1,268,631	211,481	3.3
Operations and Commercial	1,293,770	1,434,880	884,360	1,727,252	842,892	3.4
Companies and Housing Delivery	285,880	285,880	341,770	100,691	(241,079)	3.5
Property and Projects	(1,584,540)	(1,405,060)	(1,435,010)	(1,584,380)	(149,370)	3.6
Regeneration Housing & Place	884,030	756,110	762,650	676,381	(86,269)	3.7
Resources	7,559,920	6,923,870	7,573,010	8,609,594	1,036,584	3.8
Chief Executive	21,680	84,350	86,880	82,733	(4,147)	3.9
Legal Services	283,180	283,180	321,000	376,681	55,681	3.10

	Approved by Council 25 Feb 2021	Restated Budget Approved by Council 25 Feb 2021	Feb-22 Monitoring & Budget Reallocations	Draft Outturn	(Surplus) / Deficit	Note
	2021/22	2021/22	2021/22	2021/22	2021/22	
Leisure and Community Facilities	2,573,860	2,443,600	2,279,880	1,376,770	(903,110)	3.11
<b>Service Area Totals</b>	<b>16,674,140</b>	<b>17,259,220</b>	<b>16,610,090</b>	<b>17,118,242</b>	<b>508,152</b>	
Financing Adjustment	1,903,940	1,318,860	(9,490)	269,880	279,370	3.12
Internal Drainage Boards	2,868,510	2,868,510	2,885,400	2,881,639	(3,761)	
Council Tax Support to Parishes	21,210	21,210	21,210	21,218	8	
<b>Subtotal</b>	<b>21,467,800</b>	<b>21,467,800</b>	<b>19,507,210</b>	<b>20,290,979</b>	<b>783,769</b>	
Contribution to / (from) Balances	255,390	255,390	1,001,220	287,745	(713,475)	
<b>Borough spend for 2021/2022</b>	<b>21,723,190</b>	<b>21,723,190</b>	<b>20,508,430</b>	<b>20,578,724</b>	<b>70,294</b>	
<i>Funded by:</i>						
Other Government Grants	(1,309,230)	(1,309,230)	(1,309,230)	(1,309,309)	(79)	3.13
Revenue Support Grant	(627,670)	(627,670)	(627,670)	(627,667)	3	
Rural Service Delivery Grant	(485,690)	(485,690)	(485,690)	(485,686)	4	
New Homes Bonus	(837,670)	(837,670)	(837,670)	(837,676)	(6)	
Business Rates	(11,443,220)	(11,443,220)	(10,228,460)	(9,832,692)	395,768	3.14
Council Tax	(7,019,710)	(7,019,710)	(7,019,710)	(7,485,694)	(465,984)	3.15
	<b>(21,723,190)</b>	<b>(21,723,190)</b>	<b>(20,508,430)</b>	<b>(20,578,724)</b>	<b>(70,294)</b>	

- 2.2 Over the year ending 31 March 2022, 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 2021 included a transfer to General Fund Reserve Balances of £255,390. This was forecast in the February 2022 Monitoring Report to increase to £1,001,220 contribution to the General Fund Reserve. At the conclusion of year-end and in light of the emerging increased levels of inflation, additional contributions have been made to earmarked reserves to support the 2021 – 2026 Financial Plan. These amount to £2,808,850 and are detailed in Appendix 2 to this report. The notes in section 3 of this report detail the movement from the forecast in February to the outturn position of £287,745 which is carried forward to the General Fund Reserve. Increasing the General Fund Reserve from £8,696,015 to £8,983,760.
- 2.4 Service managers continue to monitor budgets with regard to changes in demand related to post pandemic recovery and claiming grant where eligible this has resulted in reduced spend and activity during the year. These favourable variances can be seen in more detail for each service area at section 3 of this report.
- 2.5 The 2021/2022 outturn is within the original 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 uncertainty on the increasing rate of inflation and any proposal to reform Local government funding there will be ongoing funding uncertainty for Local Government future year budgets as well as the council's financial position throughout 2022/2023. 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

Appendix 2 sets out proposed transfer to reserves for continued operations as mentioned in paragraph 2.4.

<b>Projected Movements in General Fund Balances</b>	<b>2021/22 £</b>
<b>Balance brought forward 1<sup>st</sup> April 2021</b>	<b>8,696,015</b>
Contribution to/(from) Balances	287,745
<b>Projected General Fund Balance 31<sup>st</sup> March 2022</b>	<b>8,983,760</b>

The Financing Adjustment includes a charge for Minimum Revenue Provision funding of unsupported borrowing and receipts for interest from Capital loans. 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. Appendix 3 provides a further explanation.

### 3.1 CENTRAL SERVICES – Surplus £57,845

<b>Movements to be explained:</b>		<b>£</b>
1	<b>Communications</b> Unbudgeted Business Rates for print services office.	6,259
2	<b>Councillors</b> Over-budgeted allowances (£7,394) Reduction in travel and expenses related to social distancing needs (£12,818); Premises and Supplies & Services (£695)	(20,907)
3	<b>Customer Info Centre</b> Savings on Employee costs (£5,130) and Supplies & Services (£2,751). Funding towards Single Person Discount & Void Project (£3,853).	(11,734)
4	<b>Democratic Services</b> Supplies & Services (£2,304) (due to reliance on teams meetings) reduced costs of postage and stationery Reduction of civic functions events due to social distancing (£8,957); Other minor savings (£882)	(12,143)
5	<b>Personnel Services</b> Training Saving due to covid (£38,090); Personnel Service costs for welfare services £15,293; Workforce Management Hardware £2,269; Unbudgeted subscription for translation service £2,325; Other minor costs £1,118	(19,321)
<b>Surplus</b>		<b>(57,846)</b>

### 3.2 HEALTH WELLBEING & PUBLIC PROTECTION – Surplus £196,666

<b>Movements to be explained:</b>		<b>£</b>
1	<b>Care &amp; Repair</b> - The Care & Repair service area sits at a surplus due to savings on salaries in the Home Improvements Agency (HIA) although these are partially offset by the increased agency staff costs on HIA and the Handyperson Scheme.	(29,344)
2	<b>Careline</b> – Careline income under achieved £91k due to reduction in customers. Offset by savings on (£77k) on contracted services. Minor variances of (£3K).  Budgeted for LILY Phase 4 for whole year and not required, instead Lily phase 5 commenced, therefore budget not required (£71k).	(60,291)
3	<b>Community Safety &amp; Neighbourhood Nuisance (CSNN) –</b> A budget was created for a post that was to move to the CSNN team although the postholder did not start until April 2022 – this is partly externally funded – saving of (£3k). The Out of Hours Service achieved salary and travel savings – (£5.8k). A new starter during the year has seen an unbudgeted cost for IT equipment - £2.4k. A backlog of Planning related cases for the CSNN team led to the appointment of agency staff – overspend of £14k. There were some minor underspends of (£1.4k) on stationery and clothing budgets, but overspends on a grant towards a third party for some health-related activities which was not budgeted for - £3.7k.	10,033
4	<b>Community Transport</b> – Saving in the year as Council Contributions towards community car schemes not required by Norfolk County Council during periods of covid restrictions.	(5,488)
5	<b>Financial Assistance</b> – Funds brought forward from reserve (2020/2021) alongside budget for 2021/2022 to fund projects to celebrate the Queen’s Platinum Jubilee. Meeting to allocate funding not held until April 2022 and so budget not utilised. Grant of £4k towards the Local Heroes Awards not budgeted for. Underspend (£10,873) reduced contribution cost following reduced events calendar due to covid.	(14,873)



<b>Movements to be explained:</b>		<b>£</b>
6	<b>Food Hygiene</b> – There was a deficit in course fees and leisure income of £1.4k , and a large increase in export licence fees gave a surplus of (£19.5k). There was an overspend on new IT equipment, but a saving on the cost of professional fees and agency staff helped to offset this – (£15k). The cost of sampling for shellfish increased due to external factors, and this created a deficit of £3.6k, mirrored in the cost of water sampling which showed a deficit of £1k. However, income from testing was slightly more than anticipated of (£1k). A grant towards staffing costs was received in year, which was unbudgeted, along with some salary savings created a surplus of (£12k).	(41,591)
7	<b>Housing Standards</b> – The net variance of (£55k) was a result of energy efficiency grant income which was not budgeted for and has been fully used on the Minimum Energy Efficiency Standard (MEES) project during the year. Housing Standards Licence income was lower than budgeted £9k and staff resources were reallocated to delivery of the MEES project.	(55,112)
<b>Surplus</b>		<b>(196,666)</b>

### 3.3 ENVIRONMENT AND PLANNING – Deficit £211,481

<b>Movements to be explained:</b>		<b>£</b>
1	<b>Back Office</b> – Reduced usage of postal correspondence during social distancing and increased use of other channels have resulted in savings (£20k). Savings against budgeted costs on maintenance of scanning equipment (£4.5k).	(24,514)
2	<b>CIL</b> – Saving in professional fees.	(2,300)
3	<b>Development Control</b> – Historically, planning income is very variable, and demand led. Against a forecast of (£1,560k), the service achieved (£1,612k) of planning fee income, resulting in a surplus of (£52k). Following this a budgeted transfer from earmarked planning reserve was not required to support variable costs of service provision - £69k.	17,607
4	<b>Emergency Planning</b> – Supplies and Services underspent £8k, this can be attributed to training and travel allowances savings as a result of COVID restrictions. Minor variances to repairs of £2k.	(10,984)
6	<b>Local Land Charges</b> – Land Charges has been higher than budgeted due to the increase in searches across 2021-2022 of £7k. This is coupled with a savings on agency costs throughout the year, which were less than expected by £6k.	(13,429)

<b>Movements to be explained:</b>		<b>£</b>
7	<p><b>Planning Policy</b> –Increased cost for advertising of £5k reflecting statutory notices and consultation activity. Savings were achieved as follow:-</p> <ul style="list-style-type: none"> <li>- travel costs due to Covid of (£2k),</li> <li>- postage and stationery of (£5k).</li> <li>- professional fees of (£4k),</li> <li>- salary of (£11k) due to vacant posts during the year, but an overspend on IT equipment for replacement staff £3,000.</li> </ul> <p>Neighbourhood Planning service costs are covered by grant. The amount of grant budgeted for was higher than required resulting in a net variance to budget of £22k.</p>	13,483
8	<p><b>Pollution Monitoring</b> – The cost for repairs and maintenance of existing equipment is below budget by (£28k), this is a result of a higher level of repairs in 2020/21 and the intention to replace some equipment in 2022/2023. The Climate Change activity incurred an unbudgeted cost for an intern for which costs were partially offset by staff savings, resulting in a net spend of £2.5k. Air quality Schedule B Regulation fee income was less than expected - £5k, activity varies according to externally set requirements.</p>	(20,738)
9	<p><b>Public Health</b> – Costs associated with the 'By Your Side Service' which were not anticipated - £2.5k.</p>	2,566
10	<p><b>Street Naming and Numbering</b> – Minor variances</p>	(210)
11	<p><b>Reserves</b> - Transfer to reserves towards Climate Change Strategy £250k.</p>	250,000
<b>Surplus</b>		<b>211,481</b>

### 3.4 Operations and Commercial – Deficit £842,892

<b>Movements to be explained:</b>		<b>£</b>
1	<p><b>Carparking King's Lynn and West Norfolk</b> Ticket fees income for Kings Lynn car parks below the expectations.</p>	150,920
2	<p><b>Carparking Shared Services</b> Income from parking ticket fees and penalty charges in Great Yarmouth, South Norfolk and North Norfolk overall above budget by around 37k due to increased service demand.</p>	(36,848)
3	<p><b>CCTV</b> Additional income from the installation of CCTV in Swaffham, Saddlebow and Great Yarmouth (£45k) savings</p>	(36,940)

<b>Movements to be explained:</b>		<b>£</b>
	across the area on repairs and maintenance (£21K) plus additional transfers to reserves of £30k.	
4	<p><b>Cleansing &amp; Street Sweeping</b>  Additional costs incurred on removal and disposal of fly tipped asbestos waste by £12k and animal removal of £3k. Extra income achieved from emptying of Parish Dog Waste Bins (£3k). Unsupported borrowing to fund programmed capital spend of (£145k) not required in current year. An additional £60k has been transferred to reserves for Compressor bins. Savings of :-</p> <ul style="list-style-type: none"> <li>- (£11k) on fuel budget,</li> <li>- (£19k) on tyres and various equipment,</li> <li>- (£8k) underspent on initiatives budget,</li> </ul>	(109,014)
5	<p><b>Crematorium and Cemeteries</b>  Unbudgeted spend of £28k on repairs to the local churches in Upwell, Hilgay, North Wootton and Outwell and on expenditure under the Public Health Act 1984. Reserves - Income from the Crematorium of £140k has been transferred to reserves for future funding of repairs to Mintlyn car park, funded from overall Operations and Commercial underspend.</p>	168,039
6	<p><b>Depots</b>  Unbudgeted expenditure:-</p> <ul style="list-style-type: none"> <li>- Business rates for Borough Council depot occupation Oldmedow Road (Factory) £28k</li> <li>- Gas and oil Streetscene Depot £3.5k,</li> <li>- Fuel Storage Tank Fuel Conditioner/Re-Circulation Kit £1.5k.</li> </ul> <p>Cost of insurance over budget by £2.7k.</p>	38,098
7	<p><b>Parks, Sports &amp; Open Spaces</b>  North Sea Haven - savings on maintenance, electricity and water – (£9.6k);  Parks and Open Spaces - Overspend on tree surgery by £47k and £3k unbudgeted claim for costs.  The Walks – (£15k) has been saved on repairs, maintenance and materials, (£5k) extra income from events sponsorship. Fawkes in the Walks – event costs have increased by £15.5k.  Grounds Northern Area – increased costs on vehicle repairs and maintenance, offset by savings on fuel, tyres and materials - overall spent £14.6k over the budget;  Savings on vehicles running costs (£61k) and savings on costs towards Capital spend (£22k).  no charge of (£14k) to section 106 contribution. Recharge s106 works CR over the budget by (£24k).</p>	(154,662)

<b>Movements to be explained:</b>		<b>£</b>
	Grounds Southern Area – One-off savings on cost of repairs, equipment and materials (£13k). Unsupported borrowing for cost of capital not yet required (£11.6k).	
8	<b>Play Areas</b> Repairs and maintenance spend lower than amount budgeted.	(11,267)
9	<b>Refuse &amp; Recycling</b> Revised spend of £77k towards capital replacement of vehicles and equipment. Savings of (£258k) on Trade Waste Disposal due to revised disposal contract. Shortfall of waste collection credits on recycling and food waste service resulting in overspend against budget of £78.8k due to Covid restrictions.	(102,465)
10	<b>Resort</b> Sports Grounds North - unbudgeted expenditure of £18k for maintenance of sport amenities. £2.2k shortfall on income following cancellation of tennis tournament. Heacham Beach - £12k overspend on seafront sand clearance because of weather conditions. £1.5k underachieved income from beach huts. Income from Sea Life Centre exceeded the budget by (£46k) due to number of tourists in Hunstanton significantly increased comparing to previous year. £42k been transferred to reserves for paramedic provision 2022/23 not budgeted for. Underspend on marketing and tourism (£10.6k) as a result of reduced events and increased use of digital channels.	14,495
12	<b>Town Centre Operations</b> Town Centre Manager – Income from Town Centre Stalls is lower due to event restriction £10k. Savings of (£19k) on Christmas Lightning. New Burdens Grant for Pavement Licensing received (£6.7k) towards cost of administering temporary pavement licences. Overspend on Reopening High Street Safety Fund, which was to be covered by Norfolk Support Package - £36k. Other minor variances (£2K)	18,285
13	<b>Reserves</b> - Transfer to reserves £900 towards variable gate fees at Materials Reclamation Facility £400k and Tourism Facilities £500k	900,000
14	<b>Other minor variances</b>	4,251
<b>Surplus</b>		<b>842,892</b>

### 3.5 COMPANIES & HOUSING DELIVERY - Surplus £241,079

Movements to be explained:		£
1	<p><b>West Norfolk Property Ltd – (£223k)</b>            This relates to the payment due from West Norfolk Property Ltd for the lease of properties from the Borough Council. The leases for the properties had not been prepared until after the year end therefore had not been budgeted for, resulting in a favourable variance.</p>	(225,317)
2	<p><b>Corporate Project Management</b>            The impact from pandemic still resulting in reduced spend on travel in the year resulting in a variance of (£4.3k)            No room hire in the year, as meetings held virtually due to Covid resulting in reduced spend of (£5k)            There were no professional fees required for project support in the year, resulting in a saving of (£3k).            Remaining (£4.4k) is a result of various low value variances across multiple areas.</p>	(15,762)
<b>Surplus</b>		<b>(241,079)</b>

### 3.6 Property and Projects – Surplus £149,370

<b>Movements to be explained:</b>		<b>£</b>
1	<b>General Properties</b> - Overspend here relates to extra one-off repairs for the year such as works on the war memorial gardens and the Parliamentary Quay.	12,056
2	<b>Industrial Units</b> - Variance here is a result of more rental income being received from the units than budgeted. This is down to more units being occupied throughout the year.	(119,598)
3	<b>KLIC</b> - This variance is due to a lower than budgeted spend as a result of lower than forecast demand for property management services at the site.	(37,981)
4	<b>Offices</b> – An underspend on repairs and maintenance for the shared offices may reflect periods of lower usage.	(49,402)
5	<b>Property Services</b> – Credit notes of £17,356 were raised in respect of the previous year for terminated tenancies. An overspend of £6804 occurred on advertising costs for investment properties following the end of an introductory rate, this agreement has since been reviewed. Additional costs of £1,699 were incurred on equipment for new staff.	25,859
6	<b>Shops &amp; Offices</b> - The budget set for income from rent, did not reflect that the income is profiled to be received across three years. The required income has been accounted for, but the budget was incorrect.	20,683
7	<b>Street Lighting</b> - Underspend is due to no spend on purchasing new columns in 21/22 and a general underspend on electric, reflecting upgrades from the capital programme to existing lighting.	(33,537)
8	<b>Reserves</b> – Transfer to reserves in respect of King's Court areas serviced for other agencies in tenancy that has not been included in base budgets.	32,550
<b>Surplus</b>		<b>(149,370)</b>

### 3.7 Regeneration, Housing and Place – Surplus (£86,269)

Movements to be explained:		£
1	<b>Conservation and Heritage</b> - Greyfriars Tower repairs budget not required for use in year - (£12k). This budget is kept for major repairs works. Minor variances to supplies and services £2k.	(10,713)
2	<b>Economic Regeneration</b> - The Sail the Wash initiative has seen extra provisions placed here for work carried out by the Tourism and Web Design team to promote the Sail the Wash programme, which were not required (£57k). Business Start-up scheme has an underspend of (£31k) due to lower than budgeted demand, perhaps due to economic uncertainty and increased risk. Business support services were provided through Covid recovery grants. Increased one off costs to the Local Enterprise Partnership for collaborative work in year not funded from other sources £7.5k.  There is an underspend following a pause in activities such as the Mayors Award and Ambassador programme – (£16k).  (£17k) Higher than budgeted grant received on Heritage Action Zone and Economic Development, reducing the budgeted costs of service provision to the Council. Other underspends on travel (£3k) as a result of reduced visits following lockdown.	(116,949)
3	<b>Guildhall &amp; Arts</b> - Provision of Arts Initiative projects whilst supported by grant (£27.4k) to the Council, has resulted in additional unbudgeted spend of £9k.	9,153
4	<b>Housing Strategy</b> – Rough Sleeper service incurred an additional spend of £190k fully funded by funding received in note 9 – Housing Options, in the Resources table below.	189,880
5	<b>Museums</b> – Savings on post recruited in collaboration with NCC to provide Museum.	(9,803)
6	<b>Regeneration Projects</b> - Savings on repairs that hasn't been required this year (£6k), along with other minor variances to supplies and services and covid restricted travel savings (£2k).	(8,482)

<b>Movements to be explained:</b>		<b>£</b>
7	<p><b>Tourism</b> - Hunstanton TIC has seen underspends to their management fee and repairs, due to fees to cover costs of Hunstanton Town Council not being invoiced and repairs are only to support AWN with their signage in Hunstanton (£70k) Sail the Wash contributions have been made to support the tourism service for their help in promoting the sail the wash programme under the Day Visitor service (£35k). Printing costs have increased, which has affected the tourism service as it relies on leaflets and pamphlets to convey information and advertisement £14k. Other associated marketing costs towards the brochure output have been lower than expected (£14k). The closure of the Visit West Norfolk App has seen savings to the tourism department amount to (£5k), due to restructuring of a contract for data services which was no longer required. Further savings on the App were made elsewhere (£6k) West Norfolk Tourism Forum amassed an underspend of (£9k), this was due to minimal costing for refreshments and room hire for the annual AGM. Across the service, membership and subscription costs were lower than expected (£6k).</p>	(139,356)
<b>Surplus</b>		<b>(86,269)</b>



### 3.8 Resources – Deficit £729,294

<b>Movements to be explained:</b>		<b>£</b>
1	<b>ICT</b> Savings on hardware maintenance (£8k) a result of upgrade during lockdown in previous year. Additional transfer to reserve to support technology development programme including flexible working policy £250k.	241,870
2	<b>Financial Services</b> Overspend on finance due to the extra licences needed to be purchased for unit 4 users & also overspends on Unit 4 applications support. Additional transfer to reserves of £47k for external support to support Audit and closure of accounts delayed from 2021/2022	155,000
3	<b>Internal Audit &amp; Fraud</b> Underspent (£15.7k) on contracted services due to change in service supply contract and also receiving funding for data matching that was not budgeted for (£34k). There is also an additional spend on subscriptions of £2.5k.	(47,225)
4	<b>Corporate Insurance</b> Premiums for the final quarter of 2021/22 following commencement of new insurance cover arrangement were lower than anticipated.	(5,603)
5	<b>Corporate Costs &amp; Provisions</b> - underspends on Pension Lump Sum (£13.7k), computer equipment & postages (£14k), plus additional grant funding toward young people leaving care discounts (£23.9k). Overspends on audit fees £17.8k and bank charges £31.8k, following end to reduced card income transaction fees, contractual review expected 2022/2023. Interest paid following voluntary disclosure for underpaid VAT 2020/2021 £18k. Reduction in rent receivable due to vacant tenancy £14k. Increased provision for bad debts in respect of overpayment of Housing Benefit £123k. Transfer to Reserves for corporate projects £450k see appendix 2.	598,750
6	<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.	156,640
7	<b>Corporate Mgt Team</b> - savings on employee costs.	(5,187)
8	<b>Treasury Management</b> – two fee payments incurred in one year, as previous year paid late.	6,775
9	<b>Housing Options</b> – Increasing Rough Sleeper Accommodation costs shown in note “4 – Regeneration, Housing and Place” above are offset by additional housing support income.	(368,306)

<b>Movements to be explained:</b>		<b>£</b>
10	<b>Reserves</b> – Transfer to reserves for 2022/2023 anticipated additional employee costs £274k and £35k estimated cost of living community support reserve.	309,000
11	<b>Other minor variances</b>	(5,130)
<b>Deficit</b>		<b>1,036,584</b>

### 3.9 Chief Executive – Surplus £4,147

<b>Movements to be explained:</b>		<b>£</b>
1	<b>Performance Review and Efficiency</b> Salary and recruitment savings	(4,147)
<b>Surplus</b>		<b>(4,147)</b>

### 3.10 Legal Services – Deficit £55,681

<b>Movements to be explained:</b>		<b>£</b>
1	<b>Legal Services</b> – The nature of the work allocated between the Council’s main legal services provider and other providers has resulted in a net additional spend of £91k.	91,128
2	<b>Licenses</b> – Income that the authority receives is difficult to profile since the licenses the Council offers can be obtained annually or triennially. This has caused the income received to be more than budgeted (35k).	(35,447)
<b>Deficit</b>		<b>55,681</b>

### 3.11 Leisure and Community Facilities – Surplus £913,110

<b>Movements to be explained:</b>		<b>£</b>
1	<b>Town Hall, Stories of Lynn and Custom House</b> Customs House & TIC (£54,445) – The budgets that related to the TIC remained under the Customs House, even though the TIC has relocated to Stories of Lynn, creating a favourable variance of (£47k). The remaining (£7k) favourable variance was due to savings on utility costs for the premises, due to the building not being utilised. Town Hall (£28,170) – This related to a reduction in electricity costs compared to budgeted amounts. There were credits received from EDF for January totalling (£22k). Stories of Lynn (£2,830) – Various low value variances across multiple areas	(85,445)

<b>Movements to be explained:</b>		<b>£</b>
2	<p><b>Pavilions and Grounds</b></p> <p><b>Dutton Pavilion - £11,223</b> - £6k loss of income for the hire of the Pavilion, this is because bookings have not recovered since Covid and the majority of bookings are for the grass pitch.</p> <p>£7k additional maintenance costs in preparation for return to pre-covid usage levels.</p> <p><b>Kingsway Pavilion – (£2,662)</b> - £2.7k savings on utilities and maintenance</p> <p><b>River Lane Bowls Club – (£244)</b> – Savings on water usage</p> <p><b>West Lynn Pavilion – (£714)</b> – Savings on maintenance</p>	7,603
3	<p><b>Community Centres</b></p> <p><b>Fairstead Community Centre – £4,948</b></p> <p>Room bookings – (£14k) - This is attributable to the venue being used as a lateral flow test centre. This helped bridge the loss of income from the reduction in hiring's of the community centre.</p> <p>Repairs and maintenance - £7k - This is due to redecoration works required to the interior and exterior of the building. These were done to make the venue more desirable to attract and retain future bookings.</p> <p>Rents - £9.8k – Office rents were reduced due to loss of tenants.</p> <p>£2.1k - Various low value variances across multiple areas</p> <p><b>South Lynn Community Centre – £49,908</b></p> <p>Lettings &amp; room hiring's - £25k – Bookings for the community centre have not recovered since the impact of Covid resulting in a loss of income.</p> <p>Special expenses - £18k – Budgeted to receive (£30k) but only allocated (£12k) due to use as extension of Council offices, which ended art way through the year.</p> <p>Training £3,600 – Venue was not used for training purposes so did not receive the income budgeted</p> <p>£3.3k - Various low value variances across multiple areas</p> <p><b>Highgate Community Centre - £1,929</b> – Various low value variances across multiple areas.</p> <p><b>Hunstanton Community Centre – (£336)</b> - Various low value variances across multiple areas</p>	56,449

**Leisure**

**Corn Exchange - £42k**

**Maintenance** - £60k – Maintenance is recharged from AWN. Costs were higher than budgeted for the year due to the centre reopening after Covid and some maintenance costs were deferred from the prior year. There were also costs for a condition survey which was not accounted for in the initial budget

**Capital support** – (£17k) – lower than expected costs towards capital programme  
(£1k) - Various immaterial variances across multiple areas.

**Downham Market - £61k**

**Utility costs** – (£47k)– Accruals from the previous year were too high resulting in credit balances on the account.

**Maintenance** - £29k – Maintenance is recharged from AWN. Costs were higher than budgeted for the year due to the centre reopening after Covid and some maintenance costs were deferred from the prior year. There were also costs for a condition survey which was not accounted for in the initial budget.

**Joint financing** - £35k – Budgeted to receive £35k however no income generated.

(£3k) – Various immaterial variances across multiple areas.

**Reserves** - Transfer to reserves to fund future equipment upgrades £47k.

**Lynnsport – (£37k)**

Utility costs – (£10k)

**Maintenance** - £44k – Maintenance is recharged from AWN. Costs were higher than budgeted for the year due to the centre reopening after Covid. This included a condition survey and some maintenance costs which were deferred from the prior year.

**Room hiring's** - £19k – This variance relates to credit notes issued to COWA in relation to room bookings not used due to Covid in the 20/21 financial year. This was not accounted for in the original budget.

**Capital financing** – (£89k) – lower than expected costs towards capital programme

(£1k) – Various low value variances across multiple areas.

**Oasis – £29.1k**

**Utility costs** – (£40.4k) – Accruals from the previous year were too high resulting in credit balances on the account.

**Maintenance** - £43k – Costs were higher than budgeted for the year due to the centre reopening after Covid. This included a condition survey and some maintenance costs which were deferred from the prior year.

Movements to be explained:	£
<p>Reserves - Transfer to reserves to fund future equipment upgrades £25.9k.</p> <p><b>St James – (£38,800)</b>            Utility costs – (£50k) Accruals from the previous year were too high resulting in credit balances on the account.            Maintenance - £18k – Costs were higher than budgeted for the year due to the centre reopening after Covid. This included a condition survey and some maintenance costs which were deferred from the prior year.            Capital financing – (£8k) ) – lower than expected costs towards capital programme            £1.2k -Various other immaterial variances across multiple areas.</p>	(56,347)
<p><b>King’s Lynn Arts Centre</b>            Supplies and services - (£6k) Ticket sales, staffing costs and show related fees are covered by Corn Exchange and recharged to King’s Lynn Arts Centre.            Venue Hiring - £30k – These costs relate to the promoter settlement for associated shows that have been put on in the year. There was no budget set for these costs which has resulted in an adverse variance            Premises costs – (£15.9k) – (£8k) favourable variance on Repairs and maintenance. (£7.9k) savings on utility costs due to the venue being used less frequently, resulting in lower running costs.            Other income streams - £6k – Various income streams which relate to shows including credit card recharges and PRS music recharge. This varies based on the number of tickets sold and number of shows which have taken place in the year. Due to lower numbers of shows in the year has resulted in lower levels of income generated from these additional income streams.            King’s Lynn Arts Centre Rentals - £2k - Various other low value variances across multiple areas</p>	16,000

<b>Movements to be explained:</b>		<b>£</b>
6	<p><b>Management</b></p> <p><b>Support costs – (£1,082k)</b> - It was budgeted that AWN could require £900k in support for the year, in order to aid recovery from Covid. AWN did not need to utilise this due to their performance in the year. Instead a repayment of in-year and prior-year support was made resulting in a favourable balance of (£73k) An overall saving to the Council of (£973k).</p> <p>Alongside savings on maintenance costs of (£119k), this resulted in a (£1.092m) favourable variance.</p> <p>Reserve – Transfer to Reserves for Community Play activities £10k, in addition to £40k already in reserves.</p> <p><b>Management fee - £117,500</b> – The management fee was initially budgeted at £345k, however due to the Covid restrictions still imposed on AWN for the first quarter. The Borough Council were able to apply for a grant to reclaim a percentage of April, May and June management fee (£22k). (£205.5k) was able to be recovered from AWN, which leaves a shortfall of £117.5k for the year.</p> <p><b>Transfer from reserves - £40k</b> - There was a transfer from reserves budgeted of £40k to support the bottom line, however this was not drawn down in the year as it was not required.</p> <p><b>Professional fees – (£29.5k)</b> - There were savings on budgeted professional fees, which offsets the cost of the condition surveys above.</p> <p>Various other immaterial variances across multiple areas result in £15.5k adverse variance.</p>	(968,164)
<b>Surplus</b>		<b>(903,110)</b>

### 3.12 Financing Adjustment – Deficit £279,370

The Capital Programme incurred less spend than budgeted for the 2021/22. For this reason the variance to figures budgeted for “Unsupported Borrowing” and “Interest recharged” to Capital is lower than expected by £279k.

### 3.13 Grants

<b>Other Government Grant received</b>	<b>Amount</b>
Local Council Tax Support	£152,760
Emergency Covid Funding	£922,550
Lower Tier Services Grant	£233,999
<b>Total</b>	<b>£1,309,309</b>

### 3.14 Business Rates

The Retained Business Rate (NNDR) Collection Fund account had a residual deficit of £6,494 overall at the end of 2021/2022, the Council's share being £2,598k. This reflects the increase in business rate discounts required by Government for businesses to aid recovery from the pandemic. Additional section 31 grants were awarded by Government to compensate for the award of discounts to business during the pandemic. Any residual deficit on business rates will be recovered in subsequent years and any surplus placed in a reserve to offset any impact in future years.

### 3.15 Council Tax

The Council Tax Collection Fund account has a residual surplus of £141k overall at the end of 2021/2022, with the Council's share being £15k. This will be distributed in subsequent years to the Council and other precepting authorities.

### 3.16 Turnover Saving

A budget for estimated savings due to staff turnover of £552,210 was set for 2021/2022. Turnover Savings by the end of the year were £144k in excess of the budget, resulting in £696k achieved overall. The budget for 2021/2022 is based on 3% of estimated salary costs attributed to each service area.

<b>Service Area</b>	<b>Budgeted Turnover Savings £</b>	<b>Turnover Saving Achieved 2021/2022 £</b>	<b>Variance to Budget £</b>
Central Services	(60,370)	(108,197)	(47,827)
Corporate	(57,807)	(69,651)	(11,844)
Environment & Planning	(65,061)	(101,524)	(36,463)
Health, Wellbeing and Public Protection	(49,807)	118,095	167,902
Legal Services	(7,509)	4,858	12,367
Leisure & Community Facilities	(1,260)	(41,110)	(39,850)
Operations & Commercial	(152,387)	(489,489)	(337,102)
Programme and Project Delivery	(8,173)	69,705	77,878
Property & Projects	(27,605)	(80,565)	(52,959)
Regeneration, Housing & Place	(14,780)	(66,799)	(52,019)
Resources	(107,451)	67,852	175,303
<b>Grand Total</b>	<b>(552,210)</b>	<b>(696,825)</b>	<b>(144,615)</b>

#### 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 2022 £'000	Current maximum balance to be held £'000	Proposed new maximum balance to be held £'000
Amenity Areas	2	300	300
Capital Programme Resources	5,312	9,000	9,000
West Norfolk Partnership	879	1,100	1,100
Insurance Reserve	226	300	300
Restructuring Reserve	484	1,000	1,000
Repairs and Renewals Reserve	1,379	2,000	2,000
Holding Accounts	1,431	2,600	2,600
Ring Fenced Reserves	3,983	3,200	4,200
Climate Change Strategy	1,021	0	1,100
Planning Reserves	548	800	800
Grants Reserves	4,577	4,200	4,800
Collection Fund Adjustment Reserve	7,354	17,000	8,000
Projects Reserve	3,865	800	4,200
Other Total	177	3,500	1,000
	<b>31,238</b>	<b>45,800</b>	<b>40,400</b>

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

- Ring-fenced reserves to increase from £3,200,000 to £4,200,000
- Grants Reserves to be increased from £4,200,000 to £4,800,000
- Collection Fund Adjustment Reserve to be decreased from £17,000,000 to £8,000,000
- Projects Reserve to be reduced from £800,000 to £4,200,000
- Climate Change Strategy new reserve £1,100,000
- Other miscellaneous reserves to decrease from £3,500,000 to £1,000,000



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

The reduction in spend against the revised budget for 2021/2022 results in a revised balance of the General Fund Reserve as at 31 March 2022 of £10,540,058. (£8,696,015 as at 31 March 2021).

As per the Financial Plan 2021 - 2026 the Council is forecast to fund the budget by using General Fund Reserves balances over the next 4 years. Estimates are subject to change from increasing impact of inflation on the council and any announcements on changes in Government funding.

## **6. Policy Implications**

None

## **7. Statutory Considerations**

The external audit of the accounts for 2021/2022 will not be completed by 30 September 2022. The Council continues to work 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 and 2021/2022 will subsequently follow.

## **8. Consultations**

Finance Portfolio Holder  
Management Team  
Service Managers

## **9. Access to Information**

Council Agenda/Minutes  
Council Financial Plan 2020 – 2025  
Monthly Monitoring Reports 2021/2022

**Monitoring report budget adjustments 2021/2022**

**Appendix 1a**

<b>Month</b>	<b>Detail</b>	<b>£</b>
	<b>2020-21 Approved Budget to General Fund</b>	<b>255,390</b>
August 2021	Central Services	36,500
	Community and Partnerships	11,200
	Companies and Housing Delivery	(4,000)
	Environment and Planning	318,000
	Operations and Commercial	69,290
	Property and Projects	(9,500)
	Regeneration Housing & Place	(6,250)
	Resources	(348,160)
	Financing Adjustment	113,590
October 2021	Companies and Housing Delivery	(3,720)
	Property and Projects	(16,740)
	Resources	(254,500)
January 2022	Central Services	57,670
	Community and Partnerships	14,150
	Companies and Housing Delivery	(35,470)
	Environment and Planning	3,780
	Operations and Commercial	780,960
	Property and Projects	(12,700)
	Regeneration Housing & Place	17,040
	Resources	(123,710)
	Chief Executive	(5,670)
	Leisure & Community Facilities	86,580
February 2022	Central Services	11,360
	Community and Partnerships	104,450
	Programme and Project Delivery	(31,700)
	Environment and Planning	156,690
	Operations and Commercial	(284,770)
	Property and Projects	67,940
	Regeneration Housing & Place	12,500

<b>Month</b>	<b>Detail</b>	<b>£</b>
	Resources	(12,280)
	Leisure and Community Facilities	33,300
Draft Outturn 2021/2022	Central Services	57,846
	Health Wellbeing and Public Protection	196,666
	Companies and Housing Delivery	241,079
	Environment and Planning	38,519
	Operations and Commercial	57,108
	Property and Projects	181,920
	Regeneration Housing & Place	69,769
	Resources	(729,294)
	Chief Executive	4,204
	Legal Services	(55,681)
	Leisure & Community Facilities	913,110
	Financing Adjustment	(279,370)
	Internal Drainage Boards	3,761
	Council Tax Support to Parishes	(8)
	Grants	78
Taxation	70,216	
<b>Draft Outturn 2021/2022 amount to be transferred from General Fund Balance</b>		<b>1,001,220</b>

**Additional Transfers to Reserves as at 31 March 2022****Appendix 2**

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

The additional amounts transferred to reserves are:

<b>Service Head</b>	<b>Service</b>	<b>Description</b>	<b>Amount to Reserve £</b>
<b>Central Services</b>	Personnel	Level 5 Management Programme that will commence in late spring 2023, COVID restricted the use of this	25,000
	Personnel	Funding of Corporate apprentices which were unable to be recruited during 2021/22	30,000
	Personnel	Adhoc Training Plan needs Personnel costs delayed from 2021/2022	5,350
<b>Central Services Total</b>			<b>60,350</b>
<b>Corporate</b>	Housing Options	To fund urgent arrangements for staffing of out of hours Housing Needs services, as well as ongoing call out arrangements into the next financial year	35,000
<b>Corporate Total</b>			<b>35,000</b>
<b>Health, Wellbeing and Public Protection</b>	Care & Repair	Funding to cover 6 months for 3 posts to support in backlog of cases due to impact of COVID. 12 months have already been funded of the 18-month contracts that were previously agreed by Management Team	49,100
	Careline	Ukrainian Support	3,500
<b>Health, Wellbeing and Public Protection Total</b>			<b>52,600</b>
<b>Environment and Planning</b>			
<b>Climate Change Strategy</b>	Climate Change Strategy	Additional year of funding to accelerate response plans	250,000
<b>Environment and Planning Total</b>			<b>250,000</b>
<b>Operations &amp; Commercial</b>	Carparking	Supporting funding for Jubilee events incurred in 2022/2023.	30,000
	CCTV	Software Support Licence	30,000
	Cleansing & Street Sweeping	Provision of new Compactor Bins, extended roll out	60,000
	Cleansing & Street Sweeping	Estimated impact of variable gate fees from Materials Reclamation Facility.	400,000
	Crem & Cemeteries	Mintlyn Car Park	140,000

<b>Service Head</b>	<b>Service</b>	<b>Description</b>	<b>Amount to Reserve £</b>
	Events	Funding Hansa events	10,000
	Public Conveniences	Automated locking for the toilet blocks in Hunstanton 2022/2023.	35,000
	Resort	Paramedic provision in resorts in 2022/23	42,000
	Capital	Tourism facilities Hunstanton and King's Lynn.	500,000
<b>Operations &amp; Commercial Total</b>			<b>1,247,000</b>
<b>Resources &amp; Section 151</b>	Corporate Costs & Provisions	Corporate Projects – Small Projects and Initiatives	250,000
	Corporate Costs & Provisions	Funding to provide staff cover for services impacted by long term sickness absence e.g., delay in NHS appointments	150,000
	Corporate Costs & Provisions	Corporate Values and Strategic Planning	50,000
	Corporate Costs & Provisions	Estimated additional employee costs for 2022/23	274,000
	Financial Services	External Support delayed from 2021/22 to support Audit and closure of accounts	47,000
	ICT/Corporate	Contribution to technology development programme including equipment to support flexible working policy	250,000
	Revenues	Support to households identified as in need during exceptional cost of living period	35,000
<b>Resources &amp; Section 151 Total</b>			<b>1,056,000</b>
<b>Leisure and Community Facilities</b>	Playschemes	Additional provision for activities to support families during school breaks during period of high inflation	<b>10,000</b>
	Leisure Buildings	Additional contribution to capital programme for replacement gym equipment and flooring	<b>97,900</b>
<b>Leisure and Community Facilities Total</b>			<b>107,900</b>
<b>Grand Total</b>			<b>2,808,850</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.