

REPORT TO CABINET

Open		Would any decisions proposed :		
Any especially affected Wards	Mandatory/	(a) Be entirely within Cabinet's powers to decide	YES	
	Operational	(b) Need to be recommendations to Council	NO	
	None	(c) Be partly for recommendations to Council and partly within Cabinet's powers –	NO	
Lead Member: Councillor Chris Morley E-mail: cllr.chris.morley@west-norfolk.gov.uk		Other Cabinet Members consulted: All Cabinet		
		Other Members consulted:		
Lead Officer: Carl Holland E-mail: carl.holland@west-norfolk.gov.uk Direct Dial: 01553 616432		Other Officers consulted: Senior Leadership 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If not for publication, the paragraph(s) of Schedule 12A of the 1972 Local Government Act considered to justify that is (are) paragraph(s)				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: 30 July 2024

REVENUE OUTTURN 2023/2024

Summary

The report sets out in summary the revenue outturn for 2023/2024 for the Council. The report shows details of the major differences between actual costs/income compared to the revised estimates for 2023/2024 reported in the January 2023 financial monitoring.

	Original Budget 2023/24 £	Forecast 31 December 2023 £	Outturn 31 March 2024 £	Variance to Original Budget £
Borough Spend	24,929,220	24,934,380	28,006,479	3,077,259
Financing	(22,287,700)	(22,493,151)	(22,493,151)	(205,451)
Contributions (to)/from General Fund Balance	2,641,520	2,441,229	5,513,328	2,871,808
Contribution from General Fund Reserve (Advanced Pension payment)	0	0	(3,620,000)	(3,620,000)
Revised Contributions (to)/from General Fund Balance	2,641,520	2,441,229	1,893,328	(748,192)

The accounts show the Borough's spend of £28,006,479, which is significantly higher as a result of an advanced pension payment £3.62m to be funded from General Fund Reserve in 2023/2024, which itself will be replenished from Revenue Budget in 2024/2025 and 2025/2026. Removing the advance pension payment results in a Borough spend representing service activity, £24,386,479, which is (£542,741) below original budget.

Throughout the year there was significant uncertainty and variation to budget as reported in the budget monitoring report:-

- largely as a result of growing inflation on cost of supplies.
- Less than estimated Planning fee income.
- Additional car parking shared service provision.
- Settlement of VAT claim in favour of the Council.

The Council's continuing strategy is to identify budget savings in year, as part of the monitoring process and at year end. Such a review increased estimated budget for income in the MTFS for 2023 – 2028 resulting in a net decrease in cost of service of 2.15% (£465k).

As set out in the Medium-Term Financial Plan in February 2023 a review of earmarked reserves was completed resulting in a re-allocation to the General Fund Reserve of £2,860,645.

The General Fund Reserve opening balance for 2023/2024 was £9,656,698. Following movements within the financial year, the balance is reduced to £7,004,015 at the year end which will be the starting position for 2024/2025. More detail on the movements in year can be seen at section 3.

Recommendation

It is recommended that Cabinet approves:

- 1. The draft revenue outturn position for 2023/2024 (section 2)**
- 2. Review and agree the new transfers to reserves as listed at Appendix 2.**
- 3. Review and agree the amendments to the Earmarked Reserves Policy (Section 4).**

Reason for Decision

To consider and approve the draft revenue outturn position for 2023/2024 for the Council.

1 Introduction

- 1.1 This report sets out the draft revenue outturn position for 2023/2024, the details of which, once finalised, will be used to inform the Statement of Accounts for the year.
- 1.2 Under Accounts and Audit Regulations 2015, Regulations 14 & 15 and the Local Audit and Accountability Act 2014 we are required to:
 - Publish draft accounts by 31 May 2024
 - Public inspection period to start on or before the first working day of June 2024
- 1.3 The Council is still impacted by the national local audit backlog affecting England and Wales. The Government Department for Levelling Up, Housing and Communities, in February 2024, consulted on legislation to amend the Accounts and Audit Regulations 2015 as part of a package of cross-system measures to clear the backlog. This has been placed on hold whilst the UK undertakes a general election of the UK Parliament. In the meantime the Council's external auditors are proceeding in accordance with indicated expectations, but must also comply with existing legislation.
- 1.4 For its part, the Council's Finance Services function has been working extremely hard to try and comply with the revised deadlines. As a result, in February 2024, the Cabinet accepted and published its Audited Accounts for 2019/2020. The effect of those final accounts on year end balances have been processed through the financial ledgers to enable completion of a draft set of accounts for 2022/2023. This then enables the opening balances for 2023/2024 draft statement of accounts. This work has been undertaken retrospectively for prior financial periods at the same time as reporting the 2023/2028 Medium Term Financial Strategy and preparing the outturn for 2023/2024. The backlog has resulted in much duplication of accounts preparation, reconciliation and update. As a result, the draft accounts for 2023/2024 are delayed and currently expected to be published for inspection during July 2024. The External Auditors plan to audit the balances and key areas for compliance on the 2022/2023 accounts before then undertaking an audit of the 2023/2024 accounts.
- 1.5 We are required to make the draft accounts and relevant supporting documentation available for inspection by the general public as set out in the amended regulations. Given that the draft accounts were not published on the due date of 31 May 2024, the statutory inspection period is also delayed. We will make available the accounts and supporting documentation from the first working day following the date of publication of those draft accounts.

2 Outturn 2023/2024

2.1 The following table shows:

- the approved budget for 2023/2024 as approved by Council on 23 February 2023.
- Revised budget as reported in the December 2023 Monitoring Report, published 1 March 2024.
- The draft outturn position for 2023/2024
- The variance column shows the (surplus)/deficit comparing Original Budget monitoring position to the draft 2023/2024 outturn position.

	Approved by Council 23 February 2023	December 2023 Revised Forecast	Draft Outturn 2023/2024	Variance from Original Budget	
Central Services	3,439,690	3,487,000	3,367,346	(72,344)	3.1
Corporate	241,580	294,730	209,026	(32,554)	3.2
Environment & Planning	1,777,910	1,899,470	2,021,792	243,882	3.3
Health, Wellbeing and Public Protection	2,592,700	2,452,490	2,313,708	(278,992)	3.4
Legal Services	668,300	585,920	621,305	(46,995)	
Leisure & Community Facilities	2,235,540	2,776,020	2,573,699	338,159	3.5
Operations & Commercial	2,933,510	2,485,160	1,903,681	(1,029,829)	3.6
Programme and Project Delivery	(448,360)	(332,880)	(312,775)	135,585	3.7
Property & Projects	(1,069,950)	(1,237,870)	(1,278,242)	(208,292)	3.8
Regeneration, Housing & Place	1,423,560	1,521,500	1,326,020	(97,540)	3.9
Resources	8,318,780	7,718,360	12,515,743	4,196,963	3.10
Service Area Totals	22,113,260	21,649,900	25,261,304	3,148,044	
Financing Requirement	(431,170.00)	37,350.00	(498,848)	(67,678)	3.11
Internal Drainage Boards	3,247,130.00	3,247,130.00	3,244,023	(3,107)	
Subtotal	24,929,220	24,934,380	28,006,479	3,077,259	
Contribution from General Fund	(2,641,520)	(2,441,230)	(1,893,328)	748,192	
Contribution from General Fund (pension)			(3,620,000)	(3,620,000)	
Borough Spend	22,287,700	22,493,150	22,493,151	205,451	
New Homes Bonus	(14,560)	(14,560)	(14,560)	0	
Rural Services Delivery Grant	(542,820)	(485,690)	(542,820)	0	
Revenue Support Grant	(952,100)	(952,100)	(952,100)	0	
Other Government Grants	(1,086,890)	(1,349,470)	(1,292,341)	(205,451)	3.12
Business Rates	(12,068,520)	(12,068,520)	(12,068,520)	0	
Council Tax	(7,622,810)	(7,622,810)	(7,622,810)	0	
Financing	(22,287,700)	(22,493,150)	(22,493,151)	(205,451)	
Funding Position	0	0	0	0	

- 2.2 Over the year ending 31 March 2024, 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 2023 included an estimated transfer from General Fund Reserve Balances of £2,641,520. This contribution from the General Fund Reserve is reduced to £1,893,328 in the draft outturn. At the conclusion of year-end and in light of the emerging increased levels of inflation, officers have proposed additional contributions to earmarked reserves to support the 2023 – 2028 Financial Plan. These additional allocations to earmarked reserves amount to £643,531 and are detailed in Appendix 2 to this report. The notes in section 3 of this report detail the movement from the original budget approved in February 2023 to the outturn position resulting in a net decrease to the General Fund Reserve from £9,656,698 to £7,004,015. In February 2023, the Medium-Term Financial Strategy reported an estimated General Fund Reserve balance of £5,327,936 at the end of 2023/2024. The higher draft balance is able to be reported as a result of a higher General Fund Reserve Balance, following conclusion of the 2019/2020 audit and achievement of a more favorable outturn than estimated. If the additional contributions to earmarked reserve set out in Appendix 2 of this report are approved, this will reduce the draft General Fund Reserve Balance, by a further £643,531 to £6,360,484.
- 2.4 The 2023/2024 outturn is within the original approved budget set by council in February 2023 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 2024/2025. 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 2.3.

The following table shows the movements in the General Fund Reserve to arrive at the balance to be brought forward to 2024/2025.

Projected Movements in General Fund Balances	2023/24 £
Balance brought forward 1st April 2023	9,656,698
Contribution from GF (pension)	(3,620,000)
Contribution to GF (earmarked Reserves)	2,860,645
Contribution to/(from) Balances	(1,893,328)
Projected General Fund Balance 31st March 2024	7,004,015

If the additional contributions to reserves are approved as set out in paragraph 2.3 the year-end General Fund Reserves balance will be as follows.

Projected Movements in General Fund Balances	2023/24 £
Balance brought forward 1st April 2023	9,656,698
Contribution from GF (pension)	(3,620,000)
Contribution to GF (earmarked Reserves)	2,860,645
Contribution to/(from) Balances	(2,536,859)
Projected General Fund Balance 31st March 2024	6,360,484
Estimated Year-end balance reported in 2023-2028 MTFP	5,327,936

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 (£72,344)

Movements to be explained:		£
1	Communications Underspend on employee costs primarily due to vacant posts (£44k). Reduced spend and savings from market testing on materials (£25k). Software licence costs increase £6k.	(62,882)
2	Corporate Policy The net impact of vacant post and increased pay scales for apprentices resulted in unbudgeted spend of £54k. Increased statutory payment of Apprentice Levy £21k. Below budget spend on other miscellaneous policy services (£4k)	70,552
3	Customer Information Centre Underspend on employee costs primarily due to vacant posts (£52k). Additional recharges to other internal service (£16k). Increased cost and use of translation services £3k.	(64,124)
4	Elections The savings in election costs during the year came from stationery, postage and room hire.	(16,294)
5	Other minor variances	404
Surplus		(72,344)

3.2 CORPORATE – Surplus (£32,554)

Movements to be explained:		£
1	Covid Management Grants A budget for spend was originally created to provide environmental protection and recovery activity. It has now been determined that grant provided by government for outbreak management activity, can be used to fund the spend.	(81,428)
2	Improvement, Efficiency and Performance Approved additional employee costs in Corporate Governance.	48,874

3.3 ENVIRONMENT AND PLANNING – Deficit £243,882

Movements to be explained:		£
1	<p>Back Office Underspend on employee costs primarily due to vacant posts (£18k). Additional recharges to other internal services in relation to postage (£20k). Below budget spend on other miscellaneous supplies and maintenance of scanning and printing equipment (£2k).</p>	(40,501)
2	<p>Development Control Planning income is below the budget of £2m by £885k. This resulted in a reduced transfer to Reserves of (£241k) Underspend on employee costs primarily due to vacant posts (£490k) of this £203k was spent on temporary staff and related costs. Spend below budget for transport and travel related costs (£23k) Receipt of unbudgeted grant. (£43k) is a DEFRA Biodiversity Net Gain Grant, used to fund resources to support assessment of Planning applications from an ecological perspective. (£100k) is for Planning Delivery Skills Grant directed towards planning applications. Additional internal recharge for spend on printing £5k and postage £10k and £10k for room hire and (£3k) of miscellaneous savings.</p>	216,705
3	<p>Emergency Planning This is mainly due to continued reduction in spend against training and travel allowances along with other minor variances.</p>	(7,744)
4	<p>Flood Defences Net spend on repairs and maintenance £18k higher than budgeted</p>	17,964
5	<p>Local Land Charges Additional costs of £14k for “Con 29” searches provided by county council, due to an increase in prices as well as search numbers. Additional income of (£42k) - increase in searches but will decline in future years as service increasingly transfers to the Land Registry government office. Spend above budget on other miscellaneous equipment and insurance £10k.</p>	(18,674)

Movements to be explained:		£
6	<p>Planning Policy To meet planning inspectorate duties in relation to the Local Plan, hearing sessions were increased, which meant an increase in the hearing costs, drafting of reports and finalising reports. Temporary staffing costs increased £62k . Consultants also have to be funded along with legal representation £50k.</p> <p>The balance in earmarked reserves has been fully used, resulting in a variance to budgeted spend of £36k.</p> <p>Spend on advertising, stationery and subscriptions was (£16k) below budget.</p>	132,864
7	<p>Pollution Monitoring Additional employee costs incurred of £24k, offset by grant for "Smoke Control" received not budgeted for (£23k). Repairs and replacement of monitoring equipment were lower than budgeted (£23k). Other below budget spend relates to professional fees (£5k), supplies and services (electricity £6k). The remainder is made up of other minor variances in (£4k)</p>	(37,355)
8	<p>Street Naming and Numbering Underspend on employee costs primarily due to vacant posts (£19k). Additional sign-making and maintenance costs £2k. Unbudgeted grant received from Royal Mail towards costs and services (£5k).</p>	(22,306)
9	Other minor variances	2,929
Surplus		243,882

3.4 HEALTH WELLBEING & PUBLIC PROTECTION – Surplus (£278,992)

Movements to be explained:		£
1	<p>Care and Repair <u>Fenland Service</u> - Cessation of service to resulted in a net saving of (£23k). <u>Handyman repair service</u> below budgeted spend of (£49k) made up of the following: - transport (£16k), Equipment (£3k), Contractors (£10k), supplies (£7k), Vehicle replacement contribution (£15k), whilst income was below budget by £5k. Other various savings (£3k). <u>Home Improvements Agency</u> below budgeted spend (£96k) due to the following - underspend on employee costs primarily due to utilization of fixed term staff and agency staff to cover vacant posts (£23k), Transport (£3k), underspend on supplies and services (£20k), Miscellaneous grant and income (£50k)</p>	(168,428)
2	<p>Careline Below budgeted income due to lower numbers taking up the service. More moving in with family or care homes.</p>	29,161
3	<p>Community Safety & Neighbourhood Nuisance (CSNN) Underspend on employee costs primarily due to vacant posts (£87k) and out of hours support provision costs (£8k). Early Help Hub Grant received not budgeted for (£13k). Other miscellaneous savings (£2k).</p>	(109,758)
4	<p>Financial Assistance Grants awarded to King's Coronation events (£8k).</p>	8,116
5	<p>Food Hygiene - Underspend on employee costs primarily due to vacant posts (£+101k). Export licence fee income was under budget £34k due to reduced demand from manufacturers requesting export certificates, for non-EU export. Various costs £2k.</p>	(65,052)
6	<p>Housing Standards – Additional employee costs incurred of £20k, offset by grant from Department for Work and Pensions received not budgeted for (£3k).</p>	16,455
7	<p>Public Health Unbudgeted payment for service provision to the Benjamin Foundation.</p>	10,000
8	<p>Other minor variances</p>	514
Surplus		(278,992)

3.5 Leisure and Community Facilities – Deficit £338,159

Movements to be explained:		£
1	<p>Community Centres Additional receipts of income from Fairstead Community Centre due to new eye screening clinic hire in year (£33k). (£4k) favourable variance on insurance, budget set too high for actual premium. £15k adverse variance on South Lynn Community Centre special expenses - only 75% can be claimed due to Borough Council staff currently using office space. Electricity budget was set based on previous usage actual cost (£28k) below budget.</p>	(51,119)
2	<p>Kings Lynn Arts Centre Additional employee costs to cover property caretaking requirements £9k. Cost for Electricity (£22k) less than budgeted due to lower consumption.</p>	(22,070)
3	<p>Leisure £142k adverse variance on utilities across all sites - budgets were initially set too low compared to actual consumption. £72k adverse variance on maintenance - partially offset by underspend on management maintenance (£60k favourable). Maintenance is overspent for the financial year mainly due to aging buildings and unplanned works. Additional spend on repairs and maintenance across all sites £133k. Unbudgeted direct income from Lynnsport and leisure (£55k).</p>	224,559
4	<p>Management For AWN the original Management Fee payable to the Council for 2023/2024 is £412k as per the management agreement, current company performance has resulted in a contribution of £143k, an adverse variance of £269k. (£60k) favourable variance on Maintenance - this is offset by overspends on maintenance under leisure. (£21k) favourable variance due to legacy budget not being utilised for management costs..</p>	190,597
5	Other minor variances	(3,808)
Deficit		338,159

3.6 Operations and Commercial – Surplus (£1,029,829)

Movements to be explained:		£
1	<p>Carparking King's Lynn and West Norfolk Parking fee income (£317k) – favourable weather and increased tourism from events . Penalty Charge Notice income – increased number of fines issued (£114k). Direct spending on events provision below budget (£12k). Other minor variances (£2.6k)</p>	(445,659)
2	<p>Carparking Shared Services (£369k) – additional net revenue from administrative services in North Norfolk, Great Yarmouth, Breckland, South Norfolk, Broadland, NCC and Norwich City (services provided to Norwich City commenced 1/11/23. New client costs and therefore income and costs had not been budgeted for. Budget error in car parking enforcement services to other authorities resulting in reported underspend (£124k).</p>	(493,106)
3	<p>CCTV External contracts are up due to an annual contract increase (£68k). This is mainly due to a renegotiation with the DWP's contract led by our Property team. Net additional costs of services £16k. Other minor variances (£1.7k)</p>	(53,752)
4	<p>Cleaning and Street Sweeping Contracted staff covered seasonal work following difficulties in recruiting casual staff £66k. Increased lead times for replacement vehicles have resulted in increased costs on maintenance and repairs, £76k offset by unsupported borrowing (£72k) More dog bins in the borough has increased frequency of emptying thus we have received more income than expected (£9k) Other variances for supplies (£2k)</p>	59,322
5	<p>Crematorium and Cemeteries Council statutory commitment to upkeep closed churchyards, remedial works to church walls £41k. The Council this year also had a memorial safety review which established faults and repairs costing £31k Crematorium experienced one of its lowest months on record this year, causing income to be down by £110k. However, due to the low volume of cremations there has been savings on utilities to the sum of (£85k) Business Rates revaluation to the Crematorium premises additional cost £23k.</p>	124,061

Movements to be explained:		£
	The Council has provided public health funerals for people who have passed away and have no next of kin, unrecovered costs £9k. Minor variances (£5k)	
6	Depots NNDR revaluations to the Depots in Kings Lynn and Heacham additional cost £8k Inflationary increased cost of vehicle fuel £15k Support costs at the two depots for health and equipment provisions £13k Minor variances £2k	38,661
7	Parks, Sports & Open Spaces <ul style="list-style-type: none"> • Using more environmentally friendly materials for growth and maintenance of plants and turf has increased costs, leading to more costly repairs and maintenance £44k • Underspend on employee costs primarily due to vacant posts for seasonal and permanent staff (£150k) • Annual tree surgery costs are still higher than the budgeted increase £25k • Costs incurred prior to and arising from Fawkes in the Walks postponement as result of weather £20k • Increased lead times for replacement vehicles have resulted in increased costs on maintenance and repairs £50k, partly offset by unsupported borrowing (£32k) Fuel costs decreased (£40k) • Historic rents now invoiced, additional revenue (£9k) • Other variances (£6k) 	(98,777)
8	Play Areas Repairs and maintenance savings on Play Areas across the borough (£13k). Officers recommend transfer to reserves for future repairs and replacement.	(12,614)
9	Refuse & Recycling Inflationary increase £57k for service provision contract.	57,560

Movements to be explained:		£
10	<p>Resort Unbudgeted income for lease rents collected in arrears for the Hunstanton pier (£66k) Unbudgeted income for lease rents collected in arrears for the Sea Life Centre (£59k) Following a decline in income as a result of reduced customer usage (£13k) reserves were used to invest in maintenance of business premises.</p> <p>Underspend on employee costs primarily due to vacant posts for seasonal and permanent staff (£56k) Other variances £8k</p>	(186,166)
11	<p>Town Centre Operations Pavement licences are only issued to businesses who wish to have furniture on the highway, at present only 12 business have applied for these licences, which is £8k less than budgeted. Gazebos and other apparatus were purchased in previous year, budget therefore not required in this year's Christmas lighting event (£7k) Underspend on employee costs primarily due to vacant posts (£11k)</p>	(10,330)
12	Other Minor Variances	(9,029)
Surplus		(1,055,336)

3.7 Programme and Project Delivery - Deficit £135,585

Movements to be explained:		£
1	<p>Corporate Projects (Includes Procurement, Corporate Project Manager, Active Connectivity and Local Authority Housing Fund)</p> <p>Underspend on employee costs primarily due to vacant posts (£10k).</p> <p>Action to collect service charges due to the authority are being enforced with arrangements to collect in future years £44k.</p>	34,465

Movements to be explained:		£
2	<p>Housing Subsidiaries (Includes West Norfolk Housing Company Ltd (WNHC) and West Norfolk Property Ltd (WNP). All expenditure on these cost centers is recharged back to the companies)</p> <p><u>WNHC</u> Utility costs were (£9k) below budget. Backdated charges for service level agreement costs in respect of borough Council support to the Company additional recoverable income (£61k).</p> <p><u>WNP</u> Budget for income from properties leased to the company included progression of Parkway scheme. Delays to the scheme mean budgeted income of £167k will not be achieved.</p> <p>Recovery of service level agreement costs is based on actuals, which for 2023/2024, resulted in a lower recharge than budgeted of £4k.</p>	101,120
Surplus		135,585

3.8 Property and Projects – Surplus (208,292)

Movements to be explained:		£
1	<p>General Properties Additional backdated rent collection (£47k). Lower than budgeted spend on repairs and maintenance at Mintlyn bungalow (£6k); (£8k) Princess Theatre; (£9k) Marriots Warehouse, fewer scheduled and reactive repairs required and insurance costs were lower.</p>	(69,476)

Movements to be explained:		£
2	<p>Industrial Units (£104k) increase in rents from Hardwick Industrial Estate due to full portfolio since estimates were set. £34k loss of rent at North Lynn due to tenants terminated since estimates set. (£27k) additional rent income at St Johns due to full portfolio since estimates were set. Other spend variances including increased cleaning costs, energy certificate cost, reduced insurance costs across all units. In particular</p> <ul style="list-style-type: none"> - £22.5k overspend of repairs due to asbestos removal & roof repairs. - £12k overspend on repairs due to replacement & relocation of the fire alarm panel, - £8k additional cleaning - (£25k) saving on business rates for empty properties. - (£32k) lower than budgeted spend on utilities and related recovery from property service charges. 	(111,225)
3	<p>Innovation Centre (£97k) additional income following reconfiguring the reception area to make more lettable space at the same time a high occupancy. (£10k) saving on electricity costs, plus (£26k) refund received for business rates, due to the reconfiguration & let, & (£3k) minor variances.</p>	(136,196)
4	<p>Arts Centre Loss of income as tenants have either vacated or been evicted and there are limited plans to relet due to redevelopment plans £22k.</p>	21,852
5	<p>Offices £53k unbudgeted transfer to reserves from service charges from third parties. Lower than budgeted income from rent £19k. (£7k) business rates reduction at Kings Court. Savings at Priory Centre broken down between utility savings of (£8k) due to property being tenanted & (£22k) plus (£6k) one off income received at Valentine Road due to dilapidations.</p>	29,905
6	<p>Shops & Offices £60k reduction following a backdated rent review reduction and write off, plus £50k reduction in rent income due to development at the former King's Lynn H & M site.</p>	110,957

Movements to be explained:		£
7	Property Services Underspend on employee costs primarily due to vacant posts for seasonal and permanent staff (£34k) savings on travel costs (£6k) Below budgeted spend on professional fees (£14k). Above budget fee income (£5k).	(58,754)
8	Other minor variances	4,645
Surplus		(208,285)

3.9 Regeneration, Housing and Place – Surplus (£97,540)

Movements to be explained:		£
1	Conservation and Heritage Below budget spend on Greyfriars Tower repairs budget (£15k).	(15,526)
2	Economic Regeneration (£35k) variance on business development - not utilised and determined as no longer required, because this scheme is now being delivered through UK Shared Prosperity and Rural Business Grant Schemes. Underspend on employee costs primarily due to vacant posts (£76k) (£9k) variance on Mayor's business awards - legacy budget set too high for current contribution being made. (£3k) various immaterial variances.	(123,031)
3	Guildhall & Arts Underspend on employee costs primarily due to vacant posts £63k. £24k additional spend on Guildhall professional fees - due to nature of the project there have been one off consultancy costs to access viability and charitable incorporated organisation set up costs incurred. (£35k) variance due to UKSPF funding being received in year to fund salary post.	52,408

Movements to be explained:		£
4	Housing Options (£88k) Receipt of Homelessness Prevention grant. £8k variance on 3rd party income generated from Homechoice adverts - decrease in income from Freebridge due to property availability. £4k additional spend on staffing and overtime budgets.	(76,214)
5	Housing Strategy Unbudgeted employee costs £17k	18,073
6	Regeneration Projects Variance of (£8k) on regeneration repairs and maintenance costs. Remainder is made up of minor variances.	58,393
7	Tourism (£16k) below budget spend as a result of the number of schemes able to be delivered, as finishing existing campaigns given priority.	(16,152)
8	Other minor variances	4,509
Surplus		(97,540)

3.10 Resources – Deficit £4,196,963

Movements to be explained:		£
1	<p>Corporate Costs & Provisions</p> <p>An advance payment towards the Council's Pension funds of £3.62m has been paid in accordance with the Council decision in February 2022. This is funded by the General Fund reserve in 2023/2024, which itself will be replenished in the following two financial years.</p> <p>As reported in paragraph 3.13 turnover target savings were achieved in year of (£968,717). The target for Turnover Savings of (£1m) is recorded in this service, achievement of that target is reported across other services of the Council, (£603k) of savings are recorded in this area this results in reporting of £397k pressure in this service.</p> <p>Following settlement of a VAT claim with HMRC and after deduction of Professional fees the Councils the net receipt in correctio of VAT treatment is (£791k).</p> <p>Following completion of the audit for the 2019/2020 statement of accounts, costs have been accrued for an additional charge from External Audit of £147k.</p> <p>Bank charges relating to transaction costs have been incurred at £11k higher than budget. A review and implementation of a new card transaction provided in 2023/2024, indicates that charges will reduce as a result.</p>	3,714,407
2	<p>Corporate Insurance</p> <p>Following determination of premiums in January 2023 and January 2024, recharges to shops, industrial units and internal service this cost is below the budgeted amount by (£62k).</p>	(62,244)
3	<p>Financial Services</p> <p>Employee and agency costs are £82k over the original budget, a number of support needs identified during the year to cover vacancies and support work with external auditors resulted in approved overspend funded by turnover savings. £24k additional support on financial software and increased software licence costs. £7k additional IT equipment for new starters/agency staff,</p>	113,276

Movements to be explained:		£
4	ICT Increased software license costs as previously reported to Cabinet in October 2022.	133,470
5	Internal Audit and Fraud (£18k) funding towards investigation of fraud is unbudgeted for and (£14k) underspend on contracted Audit Services with South Norfolk Council due to a temporary gap in support, offset by a £4k overspend on salaries.	(28,041)
6	Revenues & Benefits This overspend is offset by grant received as part of the Council Tax Support Grant (£250k) which is budgeted and accounted for under "other Government Grants". Additional postage cost of £63k.	347,503
7	Special Expenses Special expenses costs to the Council exceed the amount recoverable from Parish Precepts. The costs incurred for Special Expense related services is less than budgeted following calculation of the actual costs incurred for the year. The amount that the council subsidises this cost is therefore reduced by (£17k).	(17,360)
8	Other minor variances	(4,048)
Surplus		4,196,963

3.11 Financing Adjustment – Surplus £67,678

Interest income receivable from West Norfolk Housing Company was less than budgeted, due to less properties transferring to the company via sales receipts £82k. The Capital Programme incurred less spend than budgeted for 2023/24. For this reason the variance to figures budgeted for "Unsupported Borrowing" and "Interest recharged" to Capital is lower than expected by (£488k). Interest received on Treasury Investments was lower than budgeted as a result of later than anticipated income from completion of major housing schemes and subsequent delays to sales receipts £339k.

3.12 Grants

Additional grant funding has been distributed from DLUHC for Internal Drainage Board levies to help the increase in IDB levies due to the unprecedented rising in costs. £205,451 has been paid to King's Lynn and West Norfolk as a one-off recognition of the difficult circumstances affecting local authorities.

3.13 Turnover Saving

The budget for turnover savings is based on the savings anticipated in the time it takes to recruit to a vacant position following an employee leaving. Savings in some posts cannot be achieved due to the critical need to have that post filled promptly to maintain timely service provision. As a result, savings are offset by cost of temporary staff, overtime and costs of recruitment. The budgeted turnover saving for 2023/2024 is £1,000,000.

	Original Budget	Outturn	Variance
Salaries	22,622,290	21,048,113	(1,574,177)
Recruitment	3,640	121,142	117,502
Consultants fees	27,130	81,403	54,273
Professional Fees	309,240	608,541	299,301
Agency Fees	50,470	384,853	334,383
Recruitment and Retention	200,000	0	(200,000)
Turnover Target	(1,000,000)	0	1,000,000
	22,212,770	22,244,053	31,283

Taking other recruitment costs into account the net turnover savings achieved in 2023/2024 was £968,7171, a shortfall of £31,283.

4. Amendments to the Earmarked Reserves Policy

- 4.1 The Council's policy on earmarked reserves states that the maximum balance to be held in each policy area is as set out in the table below:

Reserves Policy Area	Balance as at 31 March 2024 £'000	Current maximum balance to be held £'000	Proposed new maximum balance to be held £'000
Amenity Areas	38	300	300
Capital Programme Resources	5,372	8,500	8,500
Insurance Reserve	177	300	300
Restructuring Reserve	300	800	800
Repairs and Renewals Reserve	1,995	2,000	2,700
Holding Accounts	3,112	3,000	3,500
Ring Fenced Reserves	6,122	4,300	7,000

Reserves Policy Area	Balance as at 31 March 2024 £'000	Current maximum balance to be held £'000	Proposed new maximum balance to be held £'000
Climate Change Strategy	823	1,250	1,250
Planning Reserves	403	800	800
Grants Reserves	3,839	4,800	4,800
Collection Fund Adjustment Reserve	4,847	11,500	7,000
Projects Reserve	3,795	4,400	4,400
Other Total	114	500	200
	30,937	42,450	41,550

4.2 It is proposed to amend the earmarked reserves policy balance for the following changes:

- Repairs and Renewals Reserve limit increase of £0.7m to provide capacity for any additional funds reflecting inflation.
- Holding Accounts to be increased by £0.5m to cover projected increase in balances being held.
- Ring-fenced Reserve limit increase by £2.7m to provide capacity for any additional funds being held.
- Collection Fund Adjustment Reserve reduction of £4.5m to reflect movement in collection fund accounting adjustments.
- The balance of those reserves in 'Other' reduced by £300k to reflect a reduction in balances going forward.

4.3 The Projects Reserve balance includes £3m which was set aside for the purpose of investing money into projects that would generate a financial return. The scope of this reserve going forward will include projects that are identified as part of the Transformation Programme where the objective is to support closing the financial gap as outlined in the Medium-Term Financial Plan approved by Council in February 2024.

5. Policy Implications

None

6. Statutory Considerations

As referenced in the introduction to this report along with many authorities in England and Wales, the Council continues to work with their external auditor to address the impact of the local audit backlog. The external audit of the accounts for 2023/2024 forms part of a changes to Accounts and Audit legislation that are now impacted by the calling of a General Election. If that legislation is passed then the backstop date for issuing audited accounts for 2023/2024 is 31 May 2025, requiring an audit opinion before 30 April 2025.

7. Consultations

Finance Portfolio Holder
Management Team
Service Managers

8. Access to Information

Council Agenda/Minutes
Council Financial Plan 2023 – 2028
Monthly Monitoring Reports 2023/2024

Monitoring report budget adjustments 2022/2023

Appendix 1a

Monitoring	Detail	Original Budget £	Prior Period £	Revised Forecast / Outturn £	Movement £
2023/2024 Approved Budget from General fund Reserve					2,641,520
Quarter 1	Central Services	3,439,690		3,474,690	35,000
	Health Wellbeing and Public Protection	817,860		812,830	(5,030)
	Programme and Project Delivery	(448,360)		(412,970)	35,390
	Legal	668,300		504,700	(163,600)
	Environment and Planning	1,856,770		1,868,800	12,030
	Operations and Commercial	2,933,510		2,950,130	16,620
	Property and Projects	(839,850)		(826,360)	13,490
	Regeneration Housing & Place	912,730		911,030	(1,700)
	Resources	8,829,610		8,888,94	59,330
	Other Grant				(205,451)
Quarter 2	Central Services	3,439,690	3,474,690	3,504,580	29,890
	Health Wellbeing and Public Protection	817,860	812,830	800,200	(12,630)
	Programme and Project Delivery	(448,360)	(412,970)	(251,270)	161,700
	Legal	668,300	504,700	536,120	31,420
	Environment and Planning	1,856,770	1,868,800	2,342,110	473,310
	Operations and Commercial	2,933,510	2,950,130	2,792,260	(157,870)
	Property and Projects	(839,850)	(826,360)	(896,640)	(70,280)
	Regeneration Housing & Place	912,730	911,030	913,410	2,380
	Resources	8,829,610	8,888,940	8,823,860	(65,080)
	Leisure and Community Facilities	2,005,440	2,005,440	2,320,270	314,830
Quarter 3	Central Services	3,439,690	3,504,580	3,491,790	(12,790)
	Health Wellbeing and Public Protection	817,860	800,200	651,890	(148,310)
	Programme and Project Delivery	(448,360)	(251,270)	(332,880)	(81,610)
	Legal	668,300	536,120	573,030	36,910
	Environment and Planning	1,856,770	2,342,110	2,150,920	(191,190)
	Operations and Commercial	2,933,510	2,792,260	2,453,300	(338,960)
	Property and Projects	(839,850)	(896,640)	(996,430)	(99,790)
	Regeneration Housing & Place	912,730	913,410	921,000	7,590
	Resources	8,829,610	8,823,860	9,349,940	526,080
	Corporate	162,720	162,720	209,950	47,230
Draft Outturn 2023/2024	Leisure and Community Facilities	2,005,440	2,320,270	2,535,370	215,100
	Financing Adjustment	1,343,670	1,343,670	1,812,190	468,520
	Central Services	3,439,690	3,491,790	3,367,346	(124,444)
	Health Wellbeing and Public Protection	817,860	651,890	2,313,708	1,661,818
	Programme and Project Delivery	(448,360)	(332,880)	(312,775)	20,105
	Legal	668,300	573,030	621,305	48,275
	Environment and Planning	1,856,770	2,150,920	2,021,792	(129,128)
	Operations and Commercial	2,933,510	2,453,300	1,903,681	(549,619)
	Property and Projects	(839,850)	(996,430)	(1,278,242)	(281,812)
	Regeneration Housing & Place	912,730	921,000	1,326,020	405,020
Resources	8,829,610	9,349,940	12,515,743	3,165,803	
Corporate	162,720	209,950	209,027	(923)	
Leisure and Community Facilities	2,005,440	2,535,370	2,573,699	38,329	
Financing Adjustment	1,343,670	1,812,190	(498,848)	(2,311,038)	
Internal Drainage Boards	3,247,130	3,247,130	3,244,023	(3,107)	
Draft Outturn 2023/2024 proposed amount to be transferred from General Fund Balance					5,513,328
Contribution from Reserves					£
Financing of Advance Pension Payment					(3,620,000)
Contribution to Revenue Outturn					(1,893,328)
Total					(5,513,328)

Additional Transfers to Reserves as at 31 March 2024**Appendix 2**

As a result consideration has been given to allocating specific funds to provide contingency for known and estimated inflationary increases to the Council as follows:

Service Head	Service	Description	Amount to Reserve £
Health and Wellbeing	Care and Repair	Better Care DFG allocation.	100,000
Health and Wellbeing Total			100,000
Operations & Commercial	Crematorium & Cemeteries	Crematorium repairs	25,000
	Crematorium & Cemeteries	Pathway drainage at Crematorium, ongoing issues for several years and worsening due to heavy rainfall	20,000
	Refuse and Recycling	Planning Guidance for waste collection services on new developments	30,000
	Parks and Open Spaces	Play areas future maintenance	12,000
	Depot	Depot development - Technology, mobile communications and working solutions for non-office based staff	50,000
Operations & Commercial Total			137,000
Property and Projects	Property Services	Estimated two-year contract for condition surveys for all the Council's commercial properties	300,000
Property and Projects Total			300,000
Resources	Revenues and Benefits	Unused DWP Grant Funding	6,531
Resources Total			6,531
Leisure and Community Facilities	Lynnsport	Contingency for 3G pitch at Lynnsport	100,000
Leisure and Community Facilities Total			100,000
Grand Total			643,531

Glossary of accounting terms used within this report

- **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.