

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: Cllr B Long E-mail:		Other Cabinet Members consulted:		
		Other Members consulted:		
Lead Officer: Toby Cowper E-mail: toby.cowper@west-norfolk.gov.uk Direct Dial: 01553 616523		Other Officers consulted: Management Team. Service Managers.		
Financial Implications YES	Policy/Personnel Implications NO	Statutory Implications (incl S.17) YES	Equal Opportunities Implications NO	Risk Management Implications NO
If not for publication, the paragraph(s) of Schedule 12A of the 1972 Local Government Act considered to justify that is (are) paragraph(s)				

Cabinet Date: 28 June 2016

REVENUE OUTTURN 2015/2016

Summary

The report sets out in summary the revenue outturn of 2015/2016 for the General Fund (council tax accounts). The report shows details of the major differences between actual costs/income and the revised estimates for 2015/2016 reported in February 2016 monitoring.

The accounts show actual Borough spend of £18,021,900, which is £48,790 less than the February Revised Estimate for 2015/2016. This additional saving will be held within the General Fund balance that is carried forward to 2016/2017.

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

Recommendation

It is recommended that Cabinet approves:

- 1. The revenue outturn and proposed transfers to reserves for 2015/2016.**

Reason for Decision

To approve the revenue outturn for 2015/2016 of the Council.

1 Introduction

- 1.1 This report sets out the revenue outturn of the Council's budget for 2015/2016, the details of which will be used to form the Statement of Accounts later in the year.
- 1.2 The Statement of Accounts for 2015/2016 will be taken to the Audit Committee for approval on the 5 September 2016. (It is a statutory requirement that the approval and publishing of the Statement of Accounts has to be completed by the 30th September 2016).

2 Final Outturn 2015/2016

- 2.1 The revised estimate (in the table below) has been adjusted from the one reported in the February 2016 monitoring report to allow for the central service recharges. These adjustments represent the recharge of support service costs and hence are merely movements between service areas and have no "bottom line" effect.

	As reported in February monitoring	Adjusted Estimate for Outturn	Movement
	£	£	£
Corporate	1,554,210	2,577,250	1,023,040
Democracy	1,391,790	1,357,280	(34,510)
Services Areas:			
Central and Community Services	3,847,790	2,655,210	(1,192,580)
Chief Executive	5,901,160	5,499,010	(402,150)
Commercial Services	4,566,170	5,045,430	479,260
Environment and Planning	1,660,940	1,787,880	126,940
	18,922,060	18,922,060	0

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

2.2 The following table uses the revised estimate adjusted in 2.1 to compare to the actual outturn for 2015/2016.

	Revised Estimate 2015/16 £	Actual Outturn 2015/16 £	Difference Revised to Actual £	Note
Corporate	2,577,250	3,462,686	885,436	3.1
Democracy	1,357,280	1,325,389	(31,891)	3.2
Services Areas:				
Central and Community Services	2,655,210	1,573,825	(1,081,385)	3.3
Chief Executive	5,499,010	4,791,393	(707,617)	3.4
Commercial Services	5,045,430	4,865,470	(179,960)	3.5
Environment and Planning	1,787,880	1,526,912	(260,968)	3.6
Service Area Totals	18,922,060	17,545,675	(1,376,385)	
Financing Adjustment	(5,574,010)	(4,236,295)	1,337,714	3.8
Internal Drainage Boards	2,619,710	2,619,687	(23)	
Special Expenses	109,210	96,577	(12,633)	
Council Tax Support to Parishes	103,700	106,237	2,537	
Subtotal	16,180,670	16,131,880	(48,790)	
Reimbursement of lump sum Pension Payment	1,108,000	1,108,000	0	
Contribution to Balances as reported in February 2016	782,020	782,020	0	
Borough spend for 2015/2016	18,070,690	18,021,900	(48,790)	
Additional contribution to Balances	0	48,790	48,790	
Final Revenue Outturn 2015/2016	18,070,690	18,070,690	0	

The table shows a net borough spend for 2015/2016 of £18,021,900 which is £48,790 less than the revised budget set at £18,070,690.

- 2.3 Service managers over the year ending 31 March 2016 have continued to look for opportunities to produce budget savings that support the Council's drive for reduction in costs. These savings have been reported as part of the monthly monitoring process. The £914,070 budget saving is summarised in Appendix 1.

As reported in the February 2016 monitoring it was anticipated that £782,020 would be added to the general fund balance. Outturn figures show that there will in fact be an additional contribution of £24,032 to balances.

- 2.4 The 2015/2016 outturn is within budget and allows the Council to set aside funds for a variety of future demands in addition to carrying forward a General Fund balance that is higher than originally estimated.

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

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 in the narrative that follows.

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

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

3.1 CORPORATE SERVICES – Deficit £885,436

	£
Movements to be explained	(14,564)
Additional transfers to reserves (<i>Appendix 2</i>)	900,000

(The additional £900,000 transferred to the Major Projects reserve will be used to help finance capital initiatives which will generate revenue income in future years.)

Deficit	885,436
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The major variances are as follows:

- **Adjustments to Bad Debt provisions**
£108,804 net charge to revenue due to an increase in the General Fund bad debt provision, this is as a result of an increase in sundry debtors at year end.
- **Corporate Insurance Contingency**
(£79,652) Surplus due to lower than expected use of this contingency during 2015/2016 and no requirement to top up the insurance reserve as at 31 March 2016.
- **Management Team**
(£31,985) Surplus mostly due to changes to Management Team during 2015/2016 resulting in salary underspends.

Summary of movement to be explained

	£
Bad Debt Provision	108,804
Corporate Insurance Contingency	(79,652)
Management Team	(31,985)
Other	(11,897)
TOTAL	(14,564)

3.2 DEMOCRACY – Surplus (£31,891)

	£
Movement to be explained	(81,504)
Grants transferred to reserves (<i>Appendix 2</i>)	49,613

Surplus	(31,891)
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The major variances are as follows:

- **Register of Electors**
(£49,613) Surplus mainly due to additional Government Grant received towards the cost of individual electoral registration. It is proposed to carry this grant forward for use in 2016/2017.
- **Member Services**
(£7,045) The overall underspend is mainly due to lower than estimated expenditure on members allowances and travel.
- **Support of the Democratic Process**
(£26,108) Surplus due to a variety of small budget underspends including a saving on telephones, IT and broadband charges.

Summary of movement to be explained

	£
Register of Electors	(49,613)
Members Services	(7,045)
Support of the Democratic Process	(26,108)
Other	1,262
TOTAL	(81,504)

3.3 CENTRAL & COMMUNITY - Surplus (£1,081,385)

	£
Movements to be explained	(203,257)
REFCUS (<i>Appendix 3</i>)	(937,867)
Additional transfers to reserves (<i>Appendix 2</i>)	59,739
Surplus	(1,081,385)

The major variances are as follows:

- **Personnel Services**
(£47,483) Surplus partly due to a (£28,000) underspend against the corporate training holding account. It is proposed to transfer £25,000 of this to reserves to be used on a management training course in 2016/2017. The remaining underspend is due to lower than expected costs on salaries and other miscellaneous expenditure.

- **Care and Repair**
(£84,331) Surplus due to a change in recent VAT advice around internal fee costs transferred between the capital and revenue budgets.
- **Policy and Partnerships**
(£68,631) Surplus mainly due to the cancellation of the DAWN database, additional grant money and less activity on the LILY project than anticipated. It is proposed to transfer the £30,339 grant money to reserves for community initiatives in the northern part of King's Lynn.

Summary of movement to be explained

	£
Personnel Services	(47,483)
Care and Repair	(84,331)
Policy and Partnerships	(68,631)
Other	(2,812)
TOTAL	(203,257)

3.4 CHIEF EXECUTIVE - Surplus (£707,617)

	£
Movements to be explained	(504,743)
REFCUS (<i>Appendix 3</i>)	(492,438)
Grants transferred to reserves (<i>Appendix 2</i>)	257,564
Additional transfers to reserves (<i>Appendix 2</i>)	32,000
Surplus	(707,617)

The major variances are as follows:

- **Economic Regeneration**
(£39,292) Surplus mainly due to expenditure on the Enterprise Zone being lower than anticipated in 2015/2016.
- **Financial Assistance**
(£41,031) Surplus mainly due to savings on one of the service level agreements (SLA) and less revenue grants being awarded against the small grants scheme than anticipated.
- **Housing Options**
(£148,345) Surplus mainly due to additional grant money received in year. It is proposed to transfer £111,578 to reserves for use in 2016/2017 and £20,000 to reserves to fund the Purfleet initiative (homelessness initiative).

- **Revenues and Benefits**
(£270,510) Surplus mostly due to a positive variance against the benefits claim and additional grant money received in year. It is proposed to transfer £129,086 to reserves for use in 2016/2017.

Summary of movement to be explained

	£
Economic Regeneration	(39,292)
Financial Assistance	(41,031)
Housing Options	(148,345)
Revenues and Benefits	(270,510)
Other	(5,565)
TOTAL	(504,743)

3.5 COMMERCIAL SERVICES - Surplus (£179,960)

	£
Movements to be explained	(363,285)
REFCUS (<i>Appendix 3</i>)	15,000
Unsupported Borrowing	16,510
Additional Transfers to Reserves (<i>Appendix 2</i>)	151,815
Surplus	(£179,960)

The major variances are as follows:

- **Carparks**
(£28,134) Surplus mainly due to additional income achieved in the last two months of 2015/2016.
- **CCTV**
£45,654 Deficit mainly due to an income shortfall of £27,000 (Freebridge) and an overspend on the BT contract of £17,000
- **Cleaning and Street Sweeping**
(£45,361) Surplus mainly due to savings on external contractors and a vacant post.
- **Parks, Sports Grounds and Open Spaces**
(£25,586) Surplus mainly due to in-year savings on general repairs and vacant posts. It is proposed to transfer £15,000 to reserves to cover the Councils contribution to the HLF bid - Hunstanton Open Space Project.
- **Resort Services**
(£54,408) Surplus mainly due to in year savings (£20,000) on maintenance costs and higher than anticipated rents (£32,000) received during the year.

- **Town Centre Manager**
(£23,723) Included in the Town Centre Manager budget for 2015/2016 was £30,000 for the development of the King's Lynn Business Initiative District (BID). It is proposed to transfer £20,750 of this to reserves for use in 2016/2017.
- **Gaol House / Stories of Lynn**
(£62,260) The Gaol House was closed during 2015/2016 in order for the site to be developed into the new Stories of Lynn attraction. It is proposed to transfer the surplus Gaol House budget of £82,260 to reserves for use in 2016/2017.
- **Leisure Services**
(£155,135) Surplus mainly due to in year savings on maintenance costs £47,000, Utilities £52,208 and a £29,930 profit share contribution from Alive Leisure. It is proposed to transfer the £29,930 profit share to reserves for use on council leisure assets in future years.

Summary of movement to be explained

	£
Car Parks	(28,134)
CCTV	45,654
Cleaning and Street Sweeping	(45,361)
Parks, Sports Grounds and Open Spaces	(25,568)
Resort Services	(54,408)
Town Centre Manager	(23,723)
Gaol House / Stories of Lynn	(62,260)
Leisure Services	(155,135)
Other	(14,332)
TOTAL	(363,285)

3.6 ENVIRONMENT AND PLANNING – Surplus (£260,968)

	£
Movements to be explained	(498,667)
Grants transferred to reserves (Appendix 2)	180,699
Additional Transfers to Reserves (<i>Appendix 2</i>)	57,000
Surplus	(260,968)

The major variances are as follows:

- **Development Control**
(£163,830) Surplus due to additional planning fee income in the last quarter of 2015/2016.

- **Flood Defence**
(£58,232) Surplus mainly due the Hunstanton promenade repairs being delayed until 2016. It is proposed to transfer £57,000 to reserve to cover this cost in 2016/2017.
- **Local Land Charges**
(£117,351) Surplus due to additional 'New Burdens' grant (£117,630) received in year. This grant is to be used to cover future land charges compensation claims. It is proposed to transfer £88,594 to reserve to be used in 2016/2017.
- **Licenses Service**
(£14,966) Surplus mainly due to minor savings on software (£6,000) and higher than anticipated income (£6,000).
- **Planning Policy**
(£91,052) Surplus mainly due to additional Neighbourhood Planning Grant of (£105,000) received in year. It is proposed to transfer £92,105 to reserve for use in 2016/2017.
- **Environmental Health**
(£47,428) Surplus mainly due to in year salary savings from vacant posts.

Summary of movement to be explained

	£
Development Control	(163,830)
Flood Defence	(58,232)
Local Land Charges	(117,351)
Licenses Service	(14,966)
Planning Policy	(91,052)
Environmental Health	(47,428)
Other	(5,808)
TOTAL	(498,667)

3.8 Financing Adjustment – Deficit £1,329,905

The major element of the Deficit can be explained as follows

	£
Net surplus in interest payments/receivable	(74,038)
REFCUS - Revenue expenditure funded from capital under statute (<i>Appendix 3</i>)	1,398,752
Unsupported Borrowing	13,000
TOTAL	1,337,714

4 Business Rates Retention Scheme Outturn for 2015/2016

The financial year 2015/2016 is the third year since the introduction of the Business Rates Retention Funding arrangements. The outturn for Business Rates Retention, along with the government return NNDR3 (National Non Domestic Rates Return 3), will be reported to Audit Committee at the same time as the statement of accounts on the 5 September 2016.

Although there are significant sums involved with the calculation of the 'Business Rates Retention' scheme outturn for 2015/2016 the impact on the financial year will be nil. The statutory arrangements for accounting for National None Domestic Rates mean that any in year surplus or deficit may be called upon / refunded in 2017/2018. Any in year surplus or deficit will therefore be transferred to the Collection Fund Adjustment earmarked reserve.

5. Amendments to the Earmarked Reserves Policy

The Councils 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 2016 £000	Maximum balance to be held £000	Proposed new maximum balance to be held £000
Amenity Areas	272	300	300
Capital Programme Resources	8,505	10,000	10,000
West Norfolk Partnership	289	2,000	500
Insurance Reserve	143	250	250
Restructuring Reserve	750	1,000	1,000
Repairs & Renewals Reserve	1,258	2,500	2,500
Holding Accounts	2,133	2,500	2,500
Ring Fenced Reserves	1,115	1,000	1,500
Planning Reserves	627	1,000	1,000
Grants Reserves	792		1,000
Collection Fund Adjustment Reserve	3,160	5,000	5,000
Other Total	19	100	100
	19,063	25,650	25,650

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

- West Norfolk Partnership reserves from £2,000,000 to £500,000.
- Ring Fenced reserves from £1,000,000 to £1,500,000 (this is to allow for additional S106 money received in year).
- Create a new area for grants held in reserves £1,000,000.

6. General Fund Working Balance

The underspend on the budget for 2015/2016 results in an increase to the General Fund working balance of £48,790 which provides for a revised balance of the General Fund as at 31 March 2016 of £5,735,034.

7. Policy Implications

None

8. Statutory Considerations

The external audit of the accounts will be starting in June 2016 and the final version of the Statement of the Accounts for 2015/2016 must have been approved and published by the 30th September 2016. This year the external audit of the accounts will be carried out by Ernst and Young LLP.

9. Consultations

Leader of Council
Management Team
Service Managers

10. Access to Information

Council Agenda/Minutes
Council Financial Plan 2016 – 2020
Monthly Monitoring Reports

Monitoring report budget adjustments 2015/2016

Appendix 1

Detail	Monitoring Report	£
Utility Costs - overall reduction	June & July	(98,870)
NNDR Discretionary Rate Relief	June	(88,210)
Hunstanton Promenade	June	10,000
Kings Court pigeon netting	August	15,000
Internal Drainage Board Levies	August	(12,990)
Turnover savings - amount achieved in excess of £150,000 target	September	(135,550)
Pay Contingency	September	(210,000)
Old Cattle Market car park transfer to Capital	September	85,000
Careline adverse variance	September	30,000
Payroll Processing contract saving	September	(10,000)
Additional Car Park Income	September	(130,000)
Leisure Services Management fee – impact of pay policy for joint employees	September	28,690
Support service costs – correction of budget duplication	September	313,220
Public and Open Space adverse variance	September	13,400
Tech Team adverse variance	September	16,560
Revenues and Benefits services review	September	(110,760)
Investment Return	September	(64,000)
Development Control	November	(140,000)
Car Park Income	December	(70,000)
Town Centre	December	30,000
Turnover Savings	January	(395,610)
Cost Reduction Target	January	160,100
Turnover Savings	February	(109,620)
Vehicles	February	(90,710)
Financing Adjustment	February	(144,000)
Corporate Costs and Provisions	February	144,000
Home Improvement Agency	February	(168,450)
Personnel Services	February	(6,500)
Policy and Partnerships	February	(19,000)
Safety and Welfare	February	(7,500)
Financial Assistance	February	19,400
Internal Audit	February	(6,990)
Regeneration Projects	February	(25,000)
Car Parks	February	234,590
Energy Efficiency	February	20,380
Grounds and Open Spaces	February	(44,000)
Leisure Management Fee	February	(100,000)
Public Cleansing & Neighbourhood Teams	February	(22,500)

Recycling	February	220,000
Resorts	February	(30,000)
Walks	February	(8,000)
Licensing	February	(8,000)
Planning	February	(267,000)
Training	February	(68,050)
TOTAL		(914,070)

Proposed Transfers to Reserves as at 31 March 2016

Appendix 2

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

Portfolio	Service	Amount to reserve £	Grant Description	Reason to support proposed transfer
Grants received in year and transferred to Earmarked reserves	Individual Electoral Reg	£49,613	Election Reserve	Additional spend still to be incurred to implement Individual Electoral Registration
	Housing Standards	£19,949	Multiple housing related grants	Balance of grant monies for future years
	Housing Options	£25,000	Rough Sleeper Fund grant	Balance of grant monies for future years
	Housing Options	£41,862	Homelessness Prevention grant	Balance of grant monies for future years
	Housing Options	£ 41,667	Help for Single Homeless grant	Balance of grant monies for future years
	Revenues and Benefits	£75,284	Welfare Reform Funding	Balance of grant monies for future years
	Revenues and Benefits	£53,802	Localising Support Council Tax	Balance of grant monies for future years
	Planning Policy	£92,105	Neighborhood Planning Grant	Neighborhood Planning Grant to be used in 2016/2017
	Land Charges	£88,594	Land Charges	New Burdens income to be used to cover future compensation claims
North Lynn Opportunities	£30,339	Policy and Partnership	Grant money carried forwards to support the community center	
TOTAL GRANTS		£518,215		

Portfolio	Service	Amount to reserve £	Reserve Description	Reason to support proposed transfer
Corporate	Corporate	900,000	Major Project Reserve	Funding to support the major projects the council is currently investigating for future years.
	Sub Total	£900,000		
Central and Community Services	Staff Training	£25,000	Staff Training	Level 7 Management Training - Start date deferred from 2015/16 to 2016/17
	Community Centres	£4,400	Community Centres	Provision to pay for the utilities at Gaywood Community Centre
	Sub Total	£29,400		
Chief Executive	Tourism	£12,000	Cultural & Publicity	Contribution for new mobile phone application
	Housing Options	£20,000	Housing Options	Contribution to fund Purfleet Trust initiative in 2016/17
	Sub Total	£32,000		
Commercial Services	Kings Lynn Goal House	£82,755	Stories of Lynn	Surplus Goal House budget from 2015/2016 carried forwards to support the new Stories of Lynn center.
	Town Center	£20,750	Town Center	King's Lynn 'BID' money to be used in 2016/2017.
	Parks and Grounds	£15,000	Open Spaces	Contribution to Heritage Lotteries Fund bid re Hunstanton Open Space Project
	Industrial Estates	£3,380	Industrial Services	Admin fee on service statements used to fund future years
	Leisure Services	£29,930	Leisure facilities	Used to fund capital works in future years
	Sub Total	£151,815		
Environment and Planning	Coastal Defence / Protection	£57,000	Promenade Repairs	Balance of repairs budget to fund Promenade repairs in 2016/17
	Sub Total	£57,000		
TOTAL TRANSFERS TO RESERVES £1,170,215				
TOTAL GRANTS AND TRANSFERS TO RESERVES £1,688,430				

- **Unsupported Borrowing**

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

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

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