

## **OUTTURN REPORT 2021/2022**

### **Summary:**

This report presents the provisional outturn position for the 2021/22 financial year which shows a General Fund underspend of £615,740. It also provides an update in relation to the Council's capital programme. Details are included within the report of the more significant year-end variances compared to the current budget for 2021/22. The report also makes recommendations for contributions to reserves.

The report provides a final budget monitoring position for the 2021/22 financial year. The report makes recommendations that provide funding for ongoing commitments and future projects.

### **Options considered: Conclusions:**

The revenue outturn position as of 31 March 2022 shows an overall underspend of £615,740. The final position allows for £409,855 from budget and grant underspends to be rolled forward within Earmarked Reserves to fund ongoing and identified commitments for which no budget has been allocated in 2022/23. The position as reported will be used to inform the production of the statutory accounts which will then be subject to audit by the Council's external auditors.

### **Recommendations:**

**Members are asked to consider the report and recommend the following to Full Council:**

- a) The provisional outturn position for the General Fund revenue account for 2021/22;**
- b) The transfers to and from reserves as detailed within the report (and appendix C) along with the corresponding updates to the 2022/23 budget;**
- c) Allocate the surplus of £615,740 to the General Reserve;**
- d) The financing of the 2021/22 capital programme as detailed within the report and at Appendix D;**
- e) The balance on the General Reserve of £2.33 million;**
- f) The updated capital programme for 2022/23 to 2025/26 and scheme financing as outlined within the report and detailed at Appendix E;**
- g) The roll-forward requests as outline in Appendix G are approved.**

Reasons for  
Recommendations:

To approve the outturn position on the revenue and capital accounts used to produce the statutory accounts for 2021/22.

### **LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW**

*(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)*

<i>Budget Monitoring Reports, NNDR returns</i>
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Cabinet Member(s) Cllr Eric Seward	Ward(s) affected All
Contact Officer, telephone number and email:	

#### **1. Introduction**

- 1.1 This report presents the provisional outturn position for the 2021/22 financial year which will be used to inform the production of the Council's statutory accounts which will be subject to audit review ahead of presentation to the Governance, Risk and Audit Committee (GRAC).
- 1.2 Due to the impact of the Coronavirus pandemic the deadlines for the statutory annual accounts have been extended. The draft statements should have been published by the 31 July, with public inspection commencing before 1 August. Due to unavoidable resourcing issues within the finance team this deadline has not been met for 2021/22. A notification has been published on the Council's website. Work continues to be undertaken to get a draft set of accounts published as soon as possible. The external audit of the 2021/22 accounts is scheduled to commence in February 2023.
- 1.3 Commentary on the more significant year-end variances is included within the report with further supporting information provided within the detailed appendices.
- 1.4 The report also includes a current forecast position statement on the level of reserves along with the outturn and financing position for the 2021/22 capital programme. The capital programme for the period 2022/23 to 2025/26 has been updated to take account of the outturn position and is included within this report and appendices.
- 1.5 All budgets have been monitored during the year by Service and Finance Officers with regular reports being presented to Cabinet and Overview and Scrutiny. The period 10 budget monitoring report was presented to Cabinet in February which covered the first 10 months of the year up to the end of January 2022. At the time this report was forecasting a General Fund underspend of £414,439.

- 1.6 The outturn position for the year ending 31 March 2022 is a net £615,740 surplus. This report recommends contributing the 2021/22 surplus into the General Reserve in order to help offset the impacts of pay and inflation at above budgeted levels in 2022/23, resulting from international impacts. This report now presents the final budget monitoring position for the year. The contents of this report will be considered by the Overview and Scrutiny Committee on 14<sup>th</sup> September 2022.

## **2. Revenue Account – Outturn 2021/22**

- 2.1 The revenue account position for the year shows a total surplus of £615,740 as detailed at Appendix A. This is after allowing for transfers to Earmarked Reserves for current and known commitments. The transfers to and from reserves in the year are made in line with the Council's policy framework for Earmarked Reserves as approved as part of the annual budget setting process. Earmarked Reserves are typically used to set aside funds for known or specific liabilities. Transfers to Earmarked Reserves have been made for the following:

- A) Where an underspend has occurred within a service, mainly due to the timing of work not being completed as planned (by 31 March 2022), and also where no future budget exists or where there is a one-off commitment that continues into the 2022/23 financial year.
- B) Where external funding has been received in 2021/22 for which the expenditure has not yet been incurred.
- C) Where the 2021/22 budget allowed for expenditure to be funded from an Earmarked Reserve, but the spend has not yet been incurred as planned and therefore the funds remain in the Earmarked Reserve until 2022/23.

### **2.2 Estimates included in the Accounts**

The provisional outturn position includes some significant figures which are subject to external audit, these are in relation to Benefit Subsidy and Business Rates Retention.

- 2.3 **Benefits Subsidy** - The benefit subsidy return was completed and submitted by 13 May 2022 and will be subject to external audit review later in the year. Depending on the outcome from the external audit review there could be an impact on the overall financial position, for example should a subsidy repayment be due to the Department for Work and Pensions. It is for this reason that the Council holds a Benefits Earmarked Reserve to mitigate any such impact.

- 2.4 **Business Rates** - Under the current system an element of the business rates is retained locally (split between the County (10%) and Districts (40%)) with the balance (50%) being returned to Central Government. The budget for the year was informed by the baseline funding and the NNDR1 position. The outturn position is based on the National Non Domestic Rates (NNDR3) Return which is submitted annually. The draft NNDR3 return was submitted to Government during August 2022 and is subject to external audit as part of the final accounts audit, before being finalised. Due to resourcing challenges and business rates knowledge within the Finance Team the NNDR3 deadline

of 30 June 2022 was missed this year, however we have kept the relevant Government department fully informed.

- 2.5 In the same way that council tax operates a 'Collection Fund' which distributes the precepts/shares of council tax collected to the respective authorities, the business rates collection fund distributes the respective shares of business rates based on the NNDR return. Should the actual income collected from business rates exceed or not meet the anticipated amounts there would be a surplus or deficit on the fund. As with the benefits subsidy above, the Council operates a Business Rates Earmarked Reserve to help mitigate against any potentially negative impacts of these arrangements.
- 2.6 Table 1 shows the main variances across the standard expenditure headings which comprise the Net Cost of Services. Details of the variances at the service level are provided at section 3.

**Table 1**

2021/22 Subjective Analysis	2021/22 Updated Budget	2021/22 Outturn	Variance	
	£000	£000	£000	%
Employee Costs	13,359	15,796	2,437	18.2
Premises	3,100	3,449	349	11.3
Transport Related Expenditure	328	301	(27)	(8.2)
Supplies & Services	10,192	49,536	39,344	386.0
Transfer Payments	21,461	19,919	(1,542)	(7.2)
Capital Financing Costs	2,941	1,964	(977)	(33.22)
Income	(32,932)	(72,603)	(39,670)	120.5
<b>Total cost of services</b>	<b>18,140</b>	<b>18,061</b>	<b>(79)</b>	<b>(0.4)</b>

- 2.7 The reasons for some of the movements included in the summary above are as follows, further details are included at section 3:

**A) Employee Costs** – the majority of the variance on employee costs £2,359,001, is in relation to adjustments in current service costs on the Local Government Pension Scheme. This adjustment reflects the difference between the cash contributions the Council has made into the Pension Fund during the year and the value of pensions accumulated in the year calculated by the actuary. These additional costs are reversed out under net operating expenditure and have no bottom-line impact on the revenue outturn position although the increase is reflected in long term liabilities on the Balance Sheet. Capital Salaries. £95,781 Impact of less salary costs being charged to and funded from the Capital programme.

**B) Premises** – £75,271 Contract cleaning costs, these additional costs have been partially offset by an allocation of the general Covid support grant. £303,915 Repairs and Maintenance on the councils' assets including car parks, public conveniences and temporary accommodation. There has been a full year saving (£62,498) on sea defence costs.

- C) Supplies and Services** – The majority of this variance is in relation to grants and contribution payments made in response to the pandemic. These include Test and Trace, Household Support, Local and Additional restrictions and Restart grants. These payments were fully funded by the Department for Business, Energy and Industrial Strategy (BEIS) and Department for Health and Social Care. In addition to these other variances include £153,608 Computer costs. (£52,808) Postage and hybrid mailing (£116,011) Movement in the provision for bad and doubtful debts. £185,387 Bed and Breakfast charges, £387,363 Contractor payments including support for the leisure contract funded from the general Covid support grant.
- D) Transfer Payments** - This relates to the reduced value of housing benefits payments made in 2021/22. This reduction is offset by a reduction in Subsidy claimed from the Department for works and Pensions (DWP)
- E) Capital Financing Costs** – The current General fund position excludes the final capital adjustments; these do not have an impact of the Councils final outturn revenue position.
- F) Income** – There were significant income variances for the year, including:
- Car Parking – (£330,721) Season tickets, Penalty fees and car parking charges.
  - Grants – There is a favourable variance against budget of (£39,722,957). The majority of this relates to Covid 19 grants which included small business, grants such as Omicron Hospitality and Leisure and Restart grants and other grants supporting the wider community including test and trace and household support. A further allocation of general support grant was received which although not allocated within the net cost of services has been used to offset eligible expenditure.
  - Waste – (£211,831) trade waste and (£150,953) recycle credit income. (£254,903) Smoothing mechanism grant (this has been largely offset by contribution to partnership)
  - Business Rates pool share 2020/21 (£674,658) this is to be earmarked and spent on future eligible projects.
  - As a result of reduced housing benefit payments being made during 2021/22 there was a reduction of subsidy of £2,061,465 claimed from the DWP.

### 3 Revenue Account – Detailed Commentary 2021/22

- 3.1 This section of the report highlights the more significant direct cost and income variances compared to the current budget. Further commentary on some of the smaller variances is also included within Appendix B which accompanies this report. Accounting standards require a number of notional charges to be made to service accounts. Notional charges include transactions in relation to capital charges, revenue expenditure funded from capital under statute (REFCUS) and pension costs, and whilst they do not have an impact on the 'bottom line' i.e., the surplus or deficit for the year, they are included for reporting purposes. Appendix A shows the overall revenue

position including notional charges; however, to assist reporting and explaining 'real cash' variances, Table 2 provides a summary of the position excluding notional charges.

<b>Table 2 - 2021/22 Revenue Account (Excluding Notional Charges)</b>	<b>Updated Budget £</b>	<b>Outturn £</b>	<b>Variance £</b>
<b>Service Area:</b>			
Corporate Leadership /Executive Support	410,768	327,651	(83,117)
Communities	6,760,395	5,998,613	(761,782)
Place and Climate Change	3,913,527	3,677,887	(235,640)
Resources	4,376,052	3,982,153	(393,899)
<b>Net Cost of Services</b>	<b>15,460,742</b>	<b>13,986,303</b>	<b>(1,474,439)</b>
Parish Precepts	2,573,788	2,573,788	0
Net Interest Receivable/ Payable	(860,299)	(1,028,673)	(168,374)
MRP - Waste Contract	744,000	744,000	0
Capital Financing	1,027,574	1,319,152	291,578
Contribution to /(from) Earmarked Reserves	(1,193,098)	(6,455,613)	(5,262,515)
Contribution to /(from) General Reserve	(86,341)	3,291	89,632
<b>Net Service Expenditure/Income to be met from government Grant &amp; Taxpayers</b>	<b>17,666,366</b>	<b>11,142,248</b>	<b>(6,524,118)</b>
<b>Government Grants and Council Tax</b>	<b>(17,666,366)</b>	<b>(11,757,988)</b>	<b>5,908,378</b>
<b>Net (Surplus)/Deficit for the year</b>	<b>0</b>	<b>(615,740)</b>	<b>(615,740)</b>

**3.2 Service Variances** – The following provides commentary of the more significant variances (over/under £50,000) across the different service areas, excluding those relating to capital charges and pension costs. More detailed variance explanations are provided within the detailed appendices. These figures represent service variances before any additional contributions to/ (from) reserves and revenue contributions to capital.

<b>Service and Details</b>
<b>Communities - Environment and Leisure Services</b>
<b>Car Parking</b> – Fee income (£21,662) Commission from electric vehicle charging points. (£315,375) Additional car parking income, from ticket income, excess parking charges and season tickets.
<b>Leisure Complexes</b> – £361,431 additional management fees funded from the general Covid 19 support grant. £21,746 Professional fees relating to The Reef. £42,154 No profit share in 2021/22. (£14,894) National recovery fund grant.
<b>Waste Management and Disposal</b> – (£19,468) Lower costs for trade waste disposal; and (£23,334) processing of recycled materials; £39,832 Consultancy and procurement costs (NEWS); £23,041 Serco contractor costs; (£43,367) Net Contribution towards from Partners re Smoothing Mechanism - (£134,544) Increased

fee income from trade waste customers; (£72,653) Increased fee income from garden waste customers; (£31,071) Increased income for bulky waste collections; (£27,655) Misc. recharges for Deed of Variation. (£150,953) Increased recycling credit income. A revenue contribution to capital (RCCO) of £71,000 has been made from these savings.

### **Communities - People Services**

**Benefits Administration** – £23,000 Civica new claim form software funded from the benefits earmarked reserves. (£63,273) Additional Department for Works and Pensions (DWP) funding. (£32,862) Additional Administration subsidy.

**Homelessness** – Temporary accommodation costs £93,251 Repairs and maintenance, £17,390 utility costs. £185,357 Bed and Breakfast charges. £22,531 Rent deposit scheme. (£60,000) Allocation of Rough Sleeper Initiative (RSI) not spent (offset by a reduction in grant). (£65,038) Top up homelessness prevention grant (£32,138) Domestic abuse grant. (£254,088) Additional recoverable charges from subsidy and client contributions.

**Community** – £46,553 Additional staffing costs, some of which relate to fixed term posts funded by grant. (£7,800) Professional fees. (£83,654) Community Grants and contributions not made. Contain Outbreak Management Fund (COMF) and funding for posts. (£36,083) Surplus Home Improvement Agency (HIA) income.

### **Place and Climate Change – Planning**

**Planning Policy** – (£59,837) Staff turnover savings. (£27,303) Slippage in Local Plan expenditure this will be offset by a reduced contribution from the New Homes Bonus reserve.

**Conservation Design and landscape** – (£5,000) Qualification budget not utilised. £12,358 Temporary staffing costs. £7,151 Enforcement board costs funded from earmarked reserves. (£41,852) Conservation area appraisals funded from the General reserve. (£16,750) Contribution budget, accruals in respect of prior year contributions to the Historic Environment Service - not offset by expenditure.

**Building Control** – (£60,063) Building Control fee income above budget, as this service is costed on a self-financing basis any surplus will be earmarked in the Building Control reserve.

### **Place and Climate Change – Economic Growth**

**Economic Growth** – £20,306 Sheringham Little Theatre Repairs and Maintenance. £830,226 Covid-19 Additional restrictions grants (ARG) funded from government grant. (£27,000) balance Historic England for North Walsham Cultural Consortium.

**Coast Protection** – (£62,115) Sea Defences (request to roll forward); (£9,369) Consultancy.

**Housing Strategy** – £50,000 Shared ownership compensation scheme funded from the Housing earmarked reserve. (£14,759) Other professional fees including viability studies.

**Environmental Strategy** – £5,560 Additional staffing costs; £59,815 Tree planted for Every Person; £31,375 Professional fees. To be funded from the Delivery Plan

Reserve.
<b>Resources – Finance, Assets and Legal</b>
<b>Revenue Services</b> – £11,028 Additional overtime funded from new burdens funding. £37,005,552 Business support grants funded from government grants (£36,997,552). (£17,604) Professional fees. (£11,758) Postage and billing costs. £62,162 Court Costs recovered. (£11,389) Cost of collection allowance. (£235,577) New burdens grant funding.
<b>Benefits Subsidy</b> – Net position £404,884 reduced housing benefit payments made in 2021/22 offset by reduced subsidy claimed from Department for Works and Pensions (DWP)The shortfall largely relates to irrecoverable subsidy on temporary accommodation. (£137,410) Movement in the provision for bad and doubtful debts. £381,481 Test and Trace and household support payments, which are grant funded. (£67,746) net movement in relation to benefit overpayments. (£437,800) Test and Trace and Household support grants.
<b>Corporate Finance</b> – £114,306 Business rate levy contribution payments. (£674,658) 2020/21 Business rates pool share, to be earmarked in the business rates reserve, and allocated to future economic development projects.
<b>Investment Properties</b> – Premises costs including £43,441 R&M; £23,624 insurances, electricity, water and council tax; £6,500 for scaffolding; £34,761 Bad debt provision. (£4,539) Recharge of utilities and additional rental income.
<b>Corporate and Democratic Core</b> – £15,921 Agency staffing; £14,445 Bank charges; £8,790 R&M costs. (£100,000) Cyber support grant (transferred to Unspent Grants Reserve); (£27,861) Welcome Back Funding; (£29,582) Grant funding.
<b>Resources – Organisational Resources</b>
<b>IT Support Services</b> – £4,518 – Overtime costs. £84,791 - Computer Software Licences - this includes extended support for the finance system. £52,743 - Computer Maintenance. (£35,621) - Computer Lines and Modems.
<b>Property Services</b> - £52,933 Additional staffing and transport related costs; £12,019 repairs and maintenance; £6,104 Consumables - stock for operatives; £6,337 Covid costs relating to additional cleaning costs at playgrounds. £97,572 less salary costs funded from capital.

### Non-Service Income and Expenditure

- 3.3 The non-service expenditure and income predominantly relates to investment income. The original income budget for 2021/22 anticipated £1.035m would be earned in interest and dividends, at an average rate of 2.43%. A total of £1.041m was earned from investments over the year from at an average rate of interest of 2.29%. This resulted in a favourable variance against the budget of £6k in respect of investment income. There are other minor variances in relation to things such as grassed area deposits and car loans.

- 3.4 Investment balances were at times lower than anticipated in the budget due to the repayment of COVID 19 grants, and the overall rate of interest earned was slightly lower than budget. There was however, good knowledge of when the payments were to be made, allowing the Council's strategy of keeping liquid cash flow to continue. Short term borrowing was successfully carried out during the year to keep overall financial losses at a minimum.
- 3.5 The Council has taken a strategic decision to continue to invest in pooled funds using balances which are not anticipated to be required in the medium to long-term (three to five years). These pooled funds are anticipated to provide a higher income return than alternative financial instruments and achieved an average interest rate of 2.92% in the year. Due to the Russia events, market uncertainty has been high, capital values have decreased back to the levels they were at the beginning of the COVID pandemic. However, because of the consequential base rate increases, interest rates have reached the highest they have been in the last five years. At the end of the year, there is a large unrealised capital loss on the pooled fund investments, although at an individual fund level some three of these still are way above their initial investment value and their value at the end of the last financial year. The Council does not intend to sell these investments and will instead borrow short term cash should it be required, rather than redeem investments at this time. It is constantly recognised that the amount of interest earned far outweighs the cost of borrowing, even with the current rates of interest.
- 3.6 Borrowing Interest shows a favourable variance of £147k against the original budget of £155k. During the year, less borrowing was required than anticipated. This is due to the Council making use of cash inflows and increased interest rates to avoid making any planned borrowing when possible. Timing differences between the Council receiving money and being required to make COVID grant repayments to MHCLG meant that borrowing was only required towards the end of the financial year in March 2022.
- 3.7 The Treasury Management Annual Report is included as a separate item on this Agenda and provides more details on the performance of the Treasury Management activity for the year.

#### **Retained Business Rate Income**

- 3.8 Due to the risks and uncertainty surrounding Business Rates income during the Covid-19 pandemic, there was no Norfolk Business Rates Pool formed for 2021/22. However, the Pool has been reformed for the 2022/23 financial year.
- 3.9 To support businesses during the COVID 19 pandemic with the effects of the national lockdown, the Government granted some additional reliefs for the retail hospitality & leisure and nurseries sectors. The value of this relief totalled £10m for the North Norfolk District. Although full compensation was provided to the Authority by the Government through section 31 grants, the announcement was made after the NNDR1 form had been completed and the NDR budget for the year had been set. This meant that there has been a deficit created on the Collection Fund for the year as the amount of NDR income receivable is lower than budgeted for. This deficit is shared between North Norfolk District Council, Norfolk County Council and Central Government in the shares outlined above in 2.4. Due to cash flow problems

being experienced by Local Authorities, the Government paid over the entirety of the section 31 grant, whereas normally an Authority would only receive its proportionate share. The local share due to North Norfolk District Council is 40% of the grant received, and the remaining 60% has been accrued at year end in anticipation of returning it to Central Government.

- 3.10 There are large variances on Retained Business Rates due to the timing difference between Section 31 grant being received and accounted for, and the accounting for the Council's share of the deficit on the Collection Fund (which is one financial year later) and this also occurred in 2020/21. This money has been transferred to the Business Rates Reserve to offset the anticipated deficit which will affect the Council in the 2022/23 financial year alongside the money held in reserve from 2020/21 being transferred back to the general fund to cover the 2021/22 payment from 2020/21.

## **4 Reserves**

- 4.1 The Council holds a General Reserve for which the recommended balance for 2021/22 is £2.1 million. The purpose of holding a General Reserve is to provide a working balance to help cushion the impact of uneven cash flows and to provide a contingency to help cushion the impact of unexpected events or emergencies. This report recommends contributing the 2021/22 surplus into the General Reserve in order to help offset the impacts of pay and inflation at above budgeted levels in 2022/23, resulting from international impacts.
- 4.2 In addition to the General Reserve the Council holds a number of Earmarked Reserves that are held to meet known or predicted liabilities. The Earmarked Reserves also provides a means at the year-end for carrying funds forward to the new financial year to fund ongoing commitments and known liabilities for which no separate revenue budget exists.
- 4.3 There are a number of Earmarked Reserves that have balances, yet the timing of the use of the reserve is yet to be agreed. For example, the Business Rates reserve which is held to negate any negative impacts on the General fund resulting from business rates appeals awarded.
- 4.4 Section 3 of the report has highlighted a number of service areas where an underspend has occurred in the year and a transfer to reserves had been made to ensure funds are available to meet future spending commitments. Unlike capital budgets, underspends on revenue budgets in the year are not automatically rolled forward at the year-end where there is an annual budget provision. Where the underspend represents a grant received which has not yet been fully utilised or there has been a delay in the planned use, the unspent grant has been rolled forward.
- 4.5 Central Government granted the Council money to help with the increased costs of responding to the pandemic and for other COVID 19 related purposes. Some of these grants are to be spent in the 2022/23 financial year, so have been moved to Earmarked Reserves until the corresponding expenditure occurs. A summary of the COVID 19 related grants received in

the year, along with expenditure incurred against these is shown in Appendix F.

**4.6** The transfers to and from reserves (general and earmarked) are included within the reserves statement as detailed at Appendix C. This appendix outlines the purpose of each reserve and shows the planned use over the current four-year budget period. The updated budget projections were forecasting a movement of (£1,279,439) out of earmarked reserves. At outturn the final transfer made was (£6,452,322) outwards, resulting in a variance of (£5,172,883) the most significant movements are as follows.

- **Business Rates Reserve** – (£6,145,078) – This relates to a net transfer made to cover the repayment of Business rate reliefs paid in to us in 2020/21. This has been partially offset by a contribution into the reserve of £674,658 in respect of our share of the Business rates pool for 2020/21, where there is a requirement to spend the funding on specific projects.
- **Grants Reserve** - £537,534 – This largely relates to COVID grants which had unspent balances as at 31<sup>st</sup> March 2022 where expenditure is planned during 2022/23.
- **Housing Reserve** - £310,850 – There was a lower than budgeted transfer out of this reserve relating to lower capital financing required in 2021/22. The updated budget also assumed that a contribution of £310,183 was going to be made, this was instead used to make a revenue contribution to capital (RCCO)
- **Capital Projects Reserve** – (£350,477) Contribution made towards Capital expenditure in 2021/22.

**4.7** The General Reserve balance as at 31 March 2022 stands at is £2.330 million, which is above the minimum recommended balance.

## **5 Capital Programme 2021/22**

**5.1** This section of the report presents the financing of the capital programme for 2021/22, together with the updated programme for the financial years 2022/23 to 2025/26. Appendix D provides the detail of the outturn for the 2021/22 capital programme for all service areas and variances prior to any adjustments to budgets. The updated capital programme for 2022/23 to 2025/26 after all carry forwards and bringing back of budgets have been done together with the financing for all schemes is attached at Appendix E.

**5.2** The outturn position for the 2021/22 capital programme at Appendix D, highlights where schemes have variances that need to be reprofiled between years. The reasons for reprofiling include where schemes have not progressed as originally planned, and the funding is requested to be carried forward to the new financial year.

**5.3** In total the expenditure on the capital programme for the year was £9,183,303 compared to an updated budget of £20,649,221 which resulted in an underspend of £11,465,918. This is the position before any reprofiling has been done. The budgets shown in Appendix D have only been adjusted or increased where approval was already given before the year end.

- 5.4 The significant underspend is largely due to the major factor still at play during 2021/21 of the COVID restrictions which were still in place for a large part of the year. This hampered the ability to get projects up and running and completed in the year. So, there were several projects which did not progress as originally planned.
- 5.5 There were seven schemes where there was an overspend for the year totalling £114,143. The most significant areas of overspend was expenditure of £72,746 on the sandscaping monitoring and windblown sand reimbursement scheme and expenditure of £16,750 on the Environmental Health IT System Procurement scheme. Expenditure on the other five schemes totalled £24,647. All of the expenditure has been financed using capital receipts. Some of these schemes were 2020/21 completed schemes which had residual payments that were paid in 2021/22.
- 5.6 For schemes which did not complete in 2021/22 and where there was an underspend of the allocation for the year the budgets have been reprofiled into 2022/23. The significant ones (i.e. over £100k of slippage) are detailed in the table below.

**Table 3 - Budget Slippage from 2021/22 to the 2022/23 Capital Programme over £100,000**

<b>Capital Scheme</b>	<b>Re-profiled Amount £</b>
Cornish Way	161,857
North Walsham Heritage Action Zone	833,776
Public Convenience Improvements	110,489
Car Park Ticket Machine Replacement Programme	140,572
Fakenham Urban Extension	1,800,000
Compulsory Purchase of Long Term Empty Properties	184,823
Community Housing Fund	835,160
S106 Enabling	450,000
Cromer Coast Protection Scheme	1,773,092
Coastal Adaptations	247,493
Mundesley - Refurbishment of Coastal Defences	1,414,017
The Reef Gym Equipment	161,834
North Walsham Artificial Grass Pitch	848,868
The Reef Leisure Centre	147,641
<b>Total</b>	<b>9,109,623</b>

- 5.7 There were three schemes where expenditure incurred in 2021/22 was in excess of the allocated budget for the year as a result of the schemes progressing quicker than planned and so, some budgets from 2022/23 have been brought back into 2021/22 to cover the expenditure. This was for the Cromer Pier - Steelworks and Improvements to Pavilion Theatre (£206,006),

the purchase of waste bins (£71,220) and the Refurbishment of Chalets in Cromer and Sheringham (£41,000). These are included in Appendix E which shows the updated budgets for the years 2022/23 to 2025/26.

## **6 Capital Programme 2022/23 Update**

- 6.1 Appendix E shows the updated capital programme for the period 2021/22 to 2025/26. The capital programme has been updated to reflect the slippage identified within this report, together with the capital outturn position. It also includes schemes which have already received formal approval by Cabinet (up to the last Cabinet meeting), the 2022/23 budget report and P10 monitoring report which went to Full Council in March. Two schemes relating to Community renewal projects in Fakenham and North Walsham have been removed from the programme as funding was not secured.

## **7 Medium Term Financial Strategy**

- 7.1 The content of this report includes details of budgets which will support the medium term financial strategy through the revised capital programme and movements in reserves

## **8 Financial and Resource Implications**

- 8.1 This report is of a financial nature and the financial implications are included within the report content

## **9 Legal Implications**

- 9.1 There are no legal implications as a direct consequence of this report

## **10 Risks**

- 10.1 Financial risks are identified within the report content

## **11 Sustainability**

- 11.1 No impact as a direct consequence of this report

## **12 Climate / Carbon impact**

- 12.1 There is no impact as a direct consequence of this report

## **13 Equality and Diversity**

- 13.1 There are no considerations as a direct consequence of this report

## **14 Section 17 Crime and Disorder considerations**

- 14.1 There are no considerations to note as a direct consequence of this report

## **15 Conclusion and Recommendations**

- 15.1 Members are asked to consider the report and recommend the following to Full Council:
- 15.2 a) The provisional outturn position for the General Fund revenue account for 2021/22
- 15.3 b) The transfers to and from reserves as detailed within the report (and appendix C) along with the corresponding updates to the 2022/23 budget
- 15.4 c) Allocate the surplus of £615,740 to the General Reserve
- 15.5 d) The financing of the 2021/22 capital programme as detailed within the report and at Appendix D
- 15.6 e) The balance on the General Reserve of £2.33 million
- 15.7 f) The updated capital programme for 2022/23 to 2025/26 and scheme financing as outlined within the report and detailed at Appendix E
- 15.8 g) The roll-forward requests as outline in Appendix G are approved