

**Report to** Cabinet

**Item**

**Report of** Chief finance officer

**Subject** Revenue outturn 2013-14

10

---

### **Purpose**

To update cabinet on the revenue outturn for the year 2013-14, and the consequent general fund and housing revenue account balances.

### **Recommendation**

To note the revenue outturn 2013-14

### **Corporate and service priorities**

The report helps to meet the corporate priority value for money services and the service plan priority to provide accurate, relevant and timely financial information.

### **Financial implications**

The revenue outturn for the general fund for the year 2013-14 is a surplus of £3.118m, which after the planned contribution to reserves of £1.587m, gives rise to an underspend of £1.531m against budget.

The revenue outturn for the housing revenue account for the year 2013-14 is a deficit of £2.658m which after the planned use of reserves of £5.541m, gives rise to an underspend of £2.883m against budget.

The balances on both funds will remain above the prudent minima.

The revenue outturn for the collection fund for the year 2013-14 is a surplus of £0.200m.

**Ward/s:** All wards

**Cabinet member:** Councillor Waters – Deputy leader and resources

### **Contact officers**

Justine Hartley, chief finance officer designate

01603 212440

### **Background documents**

None

## Report

1. Council approved budgets for the 2013-14 financial year on 19 February 2013.
2. The attached appendices show the revenue outturn positions for the General Fund and the Housing Revenue Account:
  - [Appendix 1](#) shows the General Fund by Corporate Leadership Team responsibilities, and by Subjective Group
  - [Appendix 2](#) shows the Housing Revenue Account in (near) statutory format, and by Subjective Group
3. The amounts reported show both actual expenditure and income to date, and the forecast (outturn) which includes entries not yet posted but for which budgets are included within the management accounts. These include:
  - Revenue financing for housing and non-housing capital programmes
  - Interest charges allocated from the General Fund to the Housing Revenue Account
  - Depreciation of assets (wear & tear)
  - Provision for Highways and HCA partnership surplus & deficit transfers
4. The financial accounts include adjustments required by IFRS which are not budgeted for and included in the revenue outturn, including:
  - Provision for holiday & flexitime owed to/owed by employees
  - Provision for movement in pension fund assets & liabilities
  - Impairment of assets (loss of value)

## General Fund

5. Budgets reported include the resources financing the council's net budget requirement (which includes a £1.587m contribution to balances as called for by the Medium Term Financial Strategy) so that the net budget totals zero:

<i>Item</i>	<i>Approved Budget £000s</i>
Net Budget Requirement	20,617
Non-Domestic Rates	(5,194)
Revenue Support Grant	(7,861)
Council Tax precept	(7,562)
<b>Total General Fund budget</b>	<b>0</b>

6. The General Fund outturn of £3.118m represents a budget surplus of £1.531m:

<i>Item</i>	<i>2013/14 £000s</i>
General Fund Outturn	(3.118)
Budgeted contribution to balances	1,587
<b>Budget (surplus)/deficit</b>	<b>(1,531)</b>

7. A summary of variances from the provisional forecast outturn is set out below with brief commentary.

<i>General Fund Service</i>	<i>Forecast Outturn P12 £000s</i>	<i>Actual Outturn P13 £000s</i>	<i>Change £000s</i>	<i>Commentary</i>
Business Relationship Management	1,371	1,125	(246)	
Chief Executive & Corporate	(3,071)	(2,907)	164	
Customers, Comms & Culture	(566)	1,680	2,246	£1.75m impairment on Riverside Centre
Operations:				
City Development:	(571)	(3,150)	(2,580)	Capital grants & contributions recognised: £0.66m Highways; £1.13m Multi-Storey Car Parks; £0.52m Investment Properties
Citywide Services:	156	760	603	£0.49m depreciation on Provisions Market
Deputy Chief Executive:	0	0	(0)	
Neighbourhood Housing:	137	(35)	(172)	
Neighbourhood Services:	19	(93)	(112)	
Planning:	(190)	(214)	(24)	
Property Services:	190	(97)	(287)	£0.29m City Hall costs recharged to services
Strategy, People & Democracy	(296)	(188)	108	
<b>Total General Fund</b>	<b>(2,819)</b>	<b>(3,118)</b>	<b>(299)</b>	

## Housing Revenue Account

8. The budgets reported include a £15m contribution from HRA balances towards the Housing capital programme 2013/14, and a £6m use of HRA balances, so that the net budget totals zero:

<i>Item</i>	<i>Approved Budget £000s</i>
Gross HRA Expenditure	61,881
Gross HRA Income	(55,715)
Contribution from HRA Balance	(6,166)
<b>Total net HRA budget</b>	<b>0</b>

9. The Housing Revenue Account outturn shows, in summary, a budget surplus of £2.883m:

<i>Item</i>	<i>2013/14 £000s</i>
Housing Revenue Account Outturn	2,658
Revised budgeted contribution from balances	(5,541)
<b>Budget (surplus)/deficit</b>	<b>(2,883)</b>

10. A summary of variances from the provisional forecast outturn is set out below with brief commentary.

<i>HRA Division of Service</i>	<i>Forecast Outturn P12 £000s</i>	<i>Actual Outturn P13 £000s</i>	<i>Change £000s</i>	<i>Commentary</i>
Repairs & Maintenance	(985)	(979)	7	
Rents, Rates, & Other Property Costs	(60)	(61)	(0)	
General Management	(1,319)	(1,248)	71	
Special Services	(499)	(503)	(4)	
Depreciation & Impairment	(695)	(11,319)	(10,624)	Impairment & Derecognition budget miscode
Provision for Bad Debts	(745)	(745)	-	
Dwelling Rents	(15)	(15)	-	
Garage & Other Property Rents	41	74	33	
Service Charges - General	718	718	-	
Miscellaneous Income	(45)	(45)	-	
Adjustments & Financing Items	6,216	16,952	10,736	Impairment & Derecognition budget miscode
Amenities shared by whole community	0	2	1	
Interest Received	150	(174)	(324)	
<b>Total Housing Revenue Account</b>	<b>2,761</b>	<b>2,658</b>	<b>(103)</b>	

## Financial Planning

11. Overall levels of overspend and underspend have an ongoing impact on the budget for following years and the size and urgency of savings requirements
12. Net overspends and underspends are consolidated into the General Fund and Housing Revenue Account balances carried forward to 2014/15.
13. These are reflected in periodic updates to the Medium Term Financial Strategy and Housing Revenue Account Business Plan.

## Impact on Balances

14. The prudent minimum level of General Fund reserves has been assessed as £4.496m for 2014/15. The outturn position is as follows:

<i>Item</i>	<i>£000s</i>
Balance at 1 April 2013	(5,195)
Budgeted contribution to balances 2013/14	(1,587)
Budget deficit/(surplus) 2013/14	(1,531)
= Balance at 31 March 2014	(8,313)

15. The General Fund balance is therefore expected to continue to exceed the prudent minimum.
16. The Medium Term Financial Strategy calls for General Fund balances to increase in early years in order to provide resources to “smooth” savings requirements in later years, and the level of balance shown above is consistent with that requirement.
17. The prudent minimum level of HRA reserves has been assessed as £3.067m for 2014/15. The outturn position is as follows:

<i>Item</i>	<i>£000s</i>
Balance at 1 April 2013	(27,788)
Budgeted use of balances 2013/14	5,541
Budget deficit/(surplus) 2013/14	(2,883)
= Balance at 31 March 2014	(25,130)

18. The Housing Revenue Account balance is therefore expected to continue to exceed the prudent minimum.
19. The Housing Revenue Account Business Plan utilises HRA balances to support housing capital expenditure in the medium term, and the level of balance shown above is consistent with that requirement.

## Collection Fund

20. The Collection Fund is made up of three accounts – Council Tax, the Business Improvement District (BID) account, and National Non-Domestic Rates (NNDR).
  - Council Tax is shared between the city, the county, and the police and crime commissioner based on an estimated tax base and the council tax rates agreed by each of the preceptors. Any surplus or deficit is shared in the following financial year.
  - The BID account is operated on behalf of the BID company, to collect their income from the BID levy. Any surplus or deficit is passed on the BID company.
  - NNDR income is shared between the city, the county, and central government. Since “localisation”, any surplus or deficit is also shared, rather than as formerly being borne wholly by the government.
21. The “localisation” of NNDR brings added volatility and risk to the council’s resources, and for this reason the Collection Fund is now covered in the monthly budget monitoring system.
22. There are particular risks attached to NNDR, which are:
  - Appeals – the impact of any appeals will fall on the Collection Fund, and therefore in part on the city. Although the Valuation Office has a large backlog of appeals, the value of the appeals is not known, nor the likelihood of success, nor the timing of the appeal being determined.

- NNDR billable – changes in the NNDR billable, e.g., demolition or construction of new billable premises, will impact on the amount billable. Assumptions of growth may also be affected by changes in the larger economic environment.
- NNDR collectable – arrears and write-offs (e.g., where a business goes into administration) will also impact on the Collection Fund.

23. These risks are monitored and mitigated through normal Revenues operations.

24. A summary of the Collection Fund is provided below:

<i>Approved Budget</i>	<i>Current Budget</i>	<b>Collection Fund Summary</b>	<i>Forecast P12</i>	<i>Outturn P13</i>	<i>Change</i>
<i>£000s</i>	<i>£000s</i>		<i>£000s</i>	<i>£000s</i>	<i>£000s</i>
		<b>Council tax</b>			
53,349	53,349	Expenditure	52,868	53,609	(480)
(53,349)	(53,349)	Income	(52,868)	(53,546)	480
		<b>Business Improvement District</b>			
656	656	Expenditure	537	397	(119)
(656)	(656)	Income	(537)	(660)	119
		<b>National Non-Domestic Rate</b>			
76,511	76,511	Expenditure	76,629	76,792	118
(76,511)	(76,511)	Income	(76,629)	(76,792)	(118)
<b>0</b>	<b>0</b>	<b>Total Collection Fund</b>	<b>0</b>	<b>(200)</b>	<b>0</b>

25. On Council Tax, a £63k deficit is shown. This will be taken into account in considering distribution of balances between the preceptors (city, county, and police). Expenditure has been above budget owing to a larger than expected difference between amounts refunded and provision for bad debts.
26. On the BID account, a £263k surplus is shown. The council operates the BID account on behalf of the BID company, so surpluses or deficits will not fall on the council – this figure appears only because the BID year differs from the financial year.
27. On the NNDR account, a £1.286m deficit has been incurred, which is offset within the collection fund by accruals representing its allocation to government, county, and the city. The council's share of this deficit is £505k, which is included within the outturn on the General Fund along with a £30k Levy payment. These sums are offset within the General Fund by S.31 grant received.

## Integrated impact assessment



**NORWICH**  
City Council

### Report author to complete

<b>Committee:</b>	Cabinet
<b>Committee date:</b>	16 July 2014
<b>Head of service:</b>	Chief Finance Officer
<b>Report subject:</b>	Revenue Outturn 2013/14
<b>Date assessed:</b>	25 June 2014
<b>Description:</b>	This is the integrated impact assessment for the revenue outturn 2013/14 report to cabinet

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The report shows that the council monitors its budgets, considers risks to achieving its budget objectives, reviews its balances position, and is therefore able to maintain its financial standing
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	



	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments

	Impact			
<b>Risk management</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The report demonstrates that the council is aware of and monitors risks to the achievement of its financial strategy, including emerging risks such as from the localisation of Business Rates.

Recommendations from impact assessment	
<b>Positive</b>	
None	
<b>Negative</b>	
None	
<b>Neutral</b>	
None	
<b>Issues</b>	
The council should continue to monitor its budget performance in the context of the financial risk environment within which it operates.	

## Budget Monitoring Summary

Year: 2013/14

Period: 12 (Mar)

## GENERAL FUND SERVICE SUMMARY

Approved Budget	Current Budget		Budget To Date	Actual To Date	Variance To Date	Outturn	Variance
<b>Business Relationship Management</b>							
2,597,949	2,614,897	Business Relationship Management	2,614,897	2,731,767	116,870	2,673,674	58,777
(23,602,085)	(23,599,085)	Finance	(23,599,085)	(22,579,987)	1,019,099	(22,280,767)	1,318,318
(3,997)	11,035	Procurement & Service Improvement	11,035	0	(11,035)	4,537	(6,498)
<b>(21,008,133)</b>	<b>(20,973,153)</b>	<b>Total Business Relationship Management</b>	<b>(20,973,153)</b>	<b>(19,848,220)</b>	<b>1,124,933</b>	<b>(19,602,556)</b>	<b>1,370,597</b>
<b>Chief Executive &amp; Corporate</b>							
(140)	(140)	Chief Executive	(140)	0	140	144	284
2,467,131	1,902,330	Corporate Management	1,902,330	(1,004,407)	(2,906,737)	(1,168,920)	(3,071,250)
<b>2,466,991</b>	<b>1,902,190</b>	<b>Total Chief Executive &amp; Corporate</b>	<b>1,902,190</b>	<b>(1,004,407)</b>	<b>(2,906,597)</b>	<b>(1,168,776)</b>	<b>(3,070,966)</b>
<b>Customers, Comms &amp; Culture</b>							
2,484,221	2,572,176	Communications & Culture	2,572,176	4,286,381	1,714,205	2,077,758	(494,418)
(101,033)	20,689	Customer Contact	20,689	(13,365)	(34,054)	(50,874)	(71,563)
<b>2,383,188</b>	<b>2,592,865</b>	<b>Total Customers, Comms &amp; Culture</b>	<b>2,592,865</b>	<b>4,273,016</b>	<b>1,680,151</b>	<b>2,026,884</b>	<b>(565,981)</b>
<b>Operations</b>							
(446,178)	(422,040)	City Development	(422,040)	(3,572,370)	(3,150,330)	(992,806)	(570,766)
9,635,875	9,622,116	Citywide Services	9,622,116	10,381,884	759,768	9,778,536	156,420
(140)	(140)	Deputy Chief Executive	(140)	0	140	144	284
2,322,140	2,333,347	Neighbourhood Housing	2,333,347	2,298,728	(34,619)	2,470,764	137,417
2,406,508	2,382,801	Neighbourhood Services	2,382,801	2,289,454	(93,347)	2,401,725	18,924
1,726,030	1,742,661	Planning	1,742,661	1,529,011	(213,650)	1,553,076	(189,585)
109,732	333,799	Property Services	333,799	236,901	(96,898)	524,146	190,347
<b>15,753,967</b>	<b>15,992,544</b>	<b>Total Operations</b>	<b>15,992,544</b>	<b>13,163,607</b>	<b>(2,828,937)</b>	<b>15,735,585</b>	<b>(256,959)</b>
<b>Strategy, People &amp; Democracy</b>							
242,457	262,134	Democratic Services	262,134	295,685	33,551	284,339	22,205
15,608	32,398	Human Resources	32,398	0	(32,398)	(97,977)	(130,375)
145,922	191,022	Strategy & Programme Management	191,022	2,185	(188,837)	3,491	(187,531)
<b>403,987</b>	<b>485,554</b>	<b>Total Strategy, People &amp; Democracy</b>	<b>485,554</b>	<b>297,869</b>	<b>(187,685)</b>	<b>189,852</b>	<b>(295,702)</b>
<b>0</b>	<b>0</b>	<b>Total General Fund</b>	<b>0</b>	<b>(3,118,134)</b>	<b>(3,118,134)</b>	<b>(2,819,011)</b>	<b>(2,819,011)</b>

## GENERAL FUND SUBJECTIVE SUMMARY

Approved Budget	Current Budget		Budget To Date	Actual To Date	Variance To Date	Outturn	Variance
17,944,197	17,054,552	Employees	17,054,552	19,983,599	2,929,047	16,808,758	(245,794)
9,004,053	8,504,501	Premises	8,504,501	8,590,488	85,987	8,738,360	233,859
304,809	304,809	Transport	304,809	215,756	(89,053)	215,756	(89,053)
14,580,752	16,329,517	Supplies & Services	16,329,517	15,447,546	(881,971)	15,631,352	(698,165)
8,125,351	7,982,002	Third Party Payments	7,982,002	6,645,955	(1,336,047)	6,631,828	(1,350,174)
63,260,654	95,737,508	Transfer Payments	95,737,508	91,306,685	(4,430,823)	91,395,461	(4,342,047)
3,271,443	3,271,443	Capital Financing	3,271,443	(979,981)	(4,251,424)	2,416,985	(854,458)
(22,298,418)	(22,240,229)	Receipts	(22,240,229)	(22,133,927)	106,302	(22,007,215)	233,014
(87,934,587)	(120,706,541)	Government Grants	(120,706,541)	(116,608,171)	4,098,370	(116,943,438)	3,763,103
1,551,696	1,551,696	Centrally Managed	1,551,696	1,530,386	(21,310)	1,317,719	(233,977)
16,315,252	17,108,013	Recharge Expenditure	17,108,013	16,022,357	(1,085,656)	15,475,282	(1,632,731)
(24,125,202)	(24,897,271)	Recharge Income	(24,897,271)	(23,138,827)	1,758,444	(22,499,858)	2,397,413
<b>0</b>	<b>0</b>	<b>Total General Fund</b>	<b>0</b>	<b>(3,118,134)</b>	<b>(3,118,134)</b>	<b>(2,819,011)</b>	<b>(2,819,011)</b>

## Budget Monitoring Report

Year: 2013/14

Period: 12 (Mar)

## HOUSING REVENUE ACCOUNT STATUTORY SUMMARY

Approved Budget	Current Budget		Budget To Date	Actual To Date	Variance To Date	Outturn	Variance
15,384,339	15,084,110	Repairs & Maintenance	15,084,110	14,105,436	(978,674)	14,098,810	(985,300)
6,655,661	6,555,617	Rents, Rates, & Other Property Costs	6,555,617	6,495,090	(60,527)	6,495,206	(60,411)
11,285,925	11,114,002	General Management	11,114,002	9,866,258	(1,247,744)	9,794,933	(1,319,069)
5,536,370	5,486,457	Special Services	5,486,457	4,983,785	(502,672)	4,987,705	(498,752)
22,077,640	22,077,640	Depreciation & Impairment	22,077,640	10,759,133	(11,318,507)	21,383,083	(694,557)
941,000	941,000	Provision for Bad Debts	941,000	195,811	(745,189)	195,811	(745,189)
(58,596,560)	(58,596,560)	Dwelling Rents	(58,596,560)	(58,611,859)	(15,299)	(58,611,859)	(15,299)
(2,193,735)	(2,193,735)	Garage & Other Property Rents	(2,193,735)	(2,119,617)	74,118	(2,152,680)	41,055
(10,026,307)	(10,026,307)	Service Charges - General	(10,026,307)	(9,308,159)	718,148	(9,308,159)	718,148
0	0	Miscellaneous Income	0	(45,464)	(45,464)	(45,464)	(45,464)
9,817,561	10,439,671	Adjustments & Financing Items	10,439,671	27,391,454	16,951,783	16,655,305	6,215,634
(731,895)	(731,895)	Amenities shared by whole community	(731,895)	(730,218)	1,677	(731,418)	477
(150,000)	(150,000)	Interest Received	(150,000)	(323,516)	(173,516)	0	150,000
(1)	0	<b>Total Housing Revenue Account</b>	0	<b>2,658,134</b>	<b>2,658,134</b>	<b>2,761,273</b>	<b>2,761,273</b>

## HOUSING REVENUE ACCOUNT SUBJECTIVE SUMMARY

Approved Budget	Current Budget		Budget To Date	Actual To Date	Variance To Date	Outturn	Variance
6,280,077	6,333,477	Employees	6,333,477	7,223,462	889,985	6,084,830	(248,647)
26,425,447	24,582,247	Premises	24,582,247	23,167,146	(1,415,101)	22,890,628	(1,691,619)
117,214	118,474	Transport	118,474	145,085	26,611	145,085	26,611
4,166,356	4,075,491	Supplies & Services	4,075,491	2,514,633	(1,560,858)	2,441,755	(1,633,736)
347,169	347,169	Third Party Payments	347,169	315,366	(31,803)	315,366	(31,803)
5,350,612	5,538,671	Recharge Expenditure	5,538,671	5,825,966	287,295	5,720,174	181,503
3,628,341	3,346,041	Capital Financing	3,346,041	7,809,883	4,463,842	9,131,961	5,785,920
(72,041,452)	(72,041,452)	Receipts	(72,041,452)	(71,728,771)	312,681	(71,382,205)	659,247
(239,476)	(239,476)	Government Grants	(239,476)	(542,065)	(302,589)	(542,065)	(302,589)
(2,101,429)	(1,032,192)	Recharge Income	(1,032,192)	(1,007,777)	24,415	(1,015,256)	16,936
15,019,000	15,923,410	Rev Contribs to Capital	15,923,410	15,923,000	(410)	15,923,000	(410)
13,048,140	13,048,140	Capital Financing	13,048,140	13,012,205	(35,935)	13,048,000	(140)
(1)	0	<b>Total Housing Revenue Account</b>	0	<b>2,658,134</b>	<b>2,658,134</b>	<b>2,761,273</b>	<b>2,761,273</b>