

Report to Cabinet
Report of Chief finance officer (Section 151 Officer)
Subject Budget Monitoring Final Outturn 2019/20

Item

8

Purpose

To update Cabinet on the revenue and capital outturns for the year 2019/20; the General Fund and Housing Revenue Account balances and to seek approval to delegate to officers the approval of carry-forward unspent capital budgets into the 2020/21 capital programme

Recommendations

- 1) To note the financial outturn for 2019/20 for the General Fund, HRA and capital programme (unaudited);
- 2) To note the consequential balance of the General Fund and Housing Revenue Account balances; as detailed in paragraphs 21 & 22
- 3) To note the transfers to earmarked reserves and the subsequent impact on balances; as detailed in paragraphs 17, 18 & 20
- 4) To delegate to the chief finance officer, director of place and director of people and neighbourhoods, in consultation with the cabinet member for resources, approval of carry-forward of unspent 2019/20 capital budgets still required, to the 2020/21 capital programme.

Corporate and service priorities

The report helps to meet the corporate priorities A healthy organisation, Great neighbourhoods, housing and environment, Inclusive economy and People living well

Financial implications

The General Fund revenue budget is underspent by £3.382m.

The Housing Revenue Account budget is underspent by £1.889m.

The General Fund Capital Programme is underspent by £10.492m.

The Housing Revenue Account Capital Programme is underspent by £26.209m.

Ward/s: All Wards

Cabinet member: Councillor Kendrick - Resources

Contact officers

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Background documents

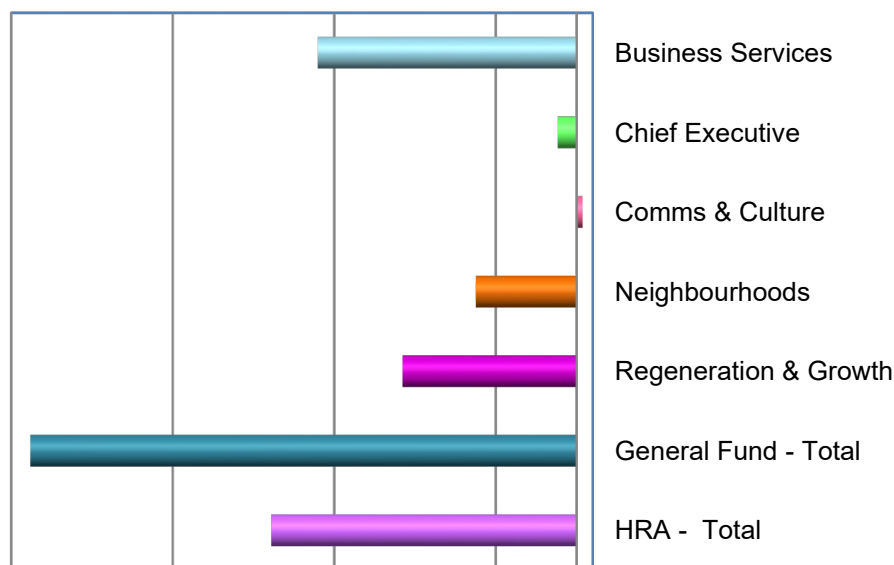
None

Financial Position – Final outturn 2019/20 Figures in 000s

General Fund	Current budget	Final outturn	Final variance
Expenditure	152,594	152,338	(256)
Income	(57,955)	(58,798)	(843)
Grants and subsidies	(94,639)	(96,922)	(2,283)
Total	0	(3,382)	(3,382)

Forecast variances by service area (under) and overspends

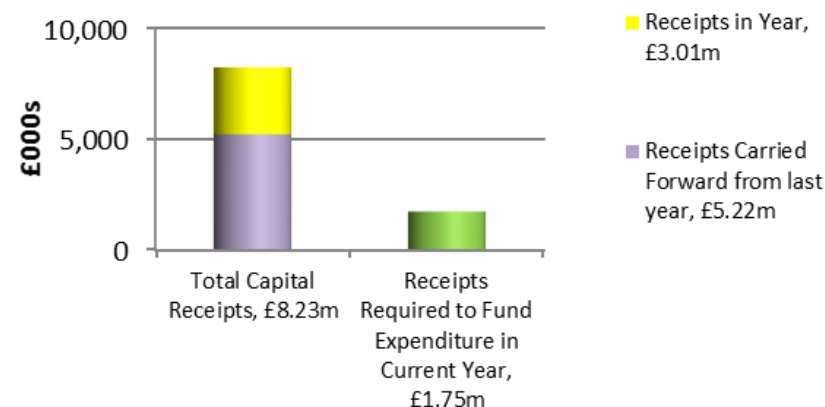
(3,500,000) (2,500,000) (1,500,000) (500,000)



Housing Revenue Account	Current budget	Final outturn	Final variance
Expenditure	68,202	66,277	(1,926)
Income	(68,202)	(68,166)	36
Total	0	(1,889)	(1,889)

Capital programme	Current budget	Final outturn	Final variance
General Fund	59,253	48,760	(10,492)
Housing Revenue Account	54,953	28,744	(26,209)

Non-Housing Capital Receipts



- The General Fund outturn shows an underspend of £3.382m, mainly arising from lower costs due to limited borrowing requirement, lower than budgeted revenue contribution to capital expenditure, staff vacancies and unutilised contingency fund.
- The Housing Revenue Account shows an underspend of £1.889m, mainly arising from underspend on responsive repairs on HRA dwellings, reduced revenue contribution to capital expenditure, staff vacancies, unutilised HRA contingency budget and reduced recharge expenditure from the GF
- The General Fund capital programme is underspent by £10.492m mainly due to the asset acquisition budget not being fully utilised and the equity investment in NRL not being required in 2019/20 along with a lower contribution to the CIL strategic fund
- The HRA capital programme is underspent by £26.209m mainly due expenditure on affordable housing opportunities being delayed into the next financial year, lower than anticipated expenditure on structural and tower block regeneration projects and a reduction in grants to registered housing providers.
- Both the General Fund and HRA reserves currently exceed their respective prudent minimum balances.

Covid-19

1. It should be noted that Covid-19 has not had a dramatic impact on the financial outturn for 2019/20 as the pandemic only started to make a notable impact on the public's and businesses' behaviour in the last two weeks of March. The true scale of its impact on the Council's finances will be felt during 2020/21. The council is undertaking a full review of all budget areas to address the adverse financial impacts of Covid-19, part of this review will include looking at any areas of consistent underspend to establish where budgets can be reduced.
2. The council has undertaken an initial line by line review of the revenue and capital 2020-21 budgets and will continue to refine these estimates over the coming months as more detail on the recovery and economy becomes available. Actions are also being taken to reduce expenditure in year to address the budget impacts with savings identified and additional controls around recruitment and spend. This is discussed in more detail in the 2021-22 Budget Setting paper on the same Cabinet agenda. Without further government funding, it is clear that the council will need to draw on reserves during 2020-21 to balance its budget and then build them back up over future years. In the longer term, there will be a need to rebase our Medium Term Financial Plan in recognition of the impact of the pandemic and the council's strategic objectives.

General Fund Revenue Budget

3. The final outturn shows a £3.382m general fund underspend at the year-end. This equates to 2.22% of the gross expenditure budget.

Significant key variances are as follows:

- £1.06m underspend on budgeted external borrowing costs relating to commercial property acquisitions and lending to the Council's wholly owned subsidiary Norwich Regeneration Ltd. This expenditure has been funded in the short term from internal cash resources, with the expectation that external borrowing will be required in the short to medium term.
- £1.04m underspend on revenue contribution to capital as higher proportion of capital spend to be funded from capital receipts. The council's 2020/21 budget report approved that this revenue underspend is transferred to the NRL earmarked reserve.
- £0.40m unrequired corporate contingency budget
- £0.39m underspend on employee costs as a result of staff turnover
- £0.36m unbudgeted dividend from Legislator 1656 Ltd in relation to the sales of shares in Norwich Airport Ltd
- £0.26m underspend due to implementation of a revised and more accurate method of calculating shared amenities recharge between the GF & HRA
- £0.26m underspend on building repair costs; this will be earmarked to address asset maintenance requirements in 2020/21.
- £0.12m underspend on minimum revenue provision due to later acquisition of investment properties than originally anticipated

The overall underspend was partially offset by:

- £0.53m overspend on housing benefit due to slightly lower than anticipated recovery rates

4. The underspend relating to new commercial property acquisition has been transferred into the Council's Commercial Property earmarked reserve. This was established to reduce the risks associated with holding commercial property by providing funding for any future void and rent free periods as well as repairs and upgrades to the investment property portfolio. Building up this reserve is a key element of the risk management strategy associated with increased commercial activity and will be a key element in managing income reductions relating to the wider Covid-19 economic impacts.
5. The underspend relating to unrequired external borrowing costs on the Norwich Regeneration Ltd (NRL) loan financing has been transferred into the Council's NRL earmarked reserve. This was established to smooth any fluctuations in income from NRL interest, providing a buffer if the company does not borrow as much or as early from the Council as planned. The underspends in relation to the unbudgeted dividend and lower than budgeted revenue contribution to capital have also been transferred into the NRL earmarked reserve, as detailed in paragraph 17.
6. The underspend relating to general fund repairs has been transferred into the Council's general repairs earmarked reserve. This was established in order to be used strategically to address the significant repairs liabilities on general fund properties on both the revenue and capital sides.
7. The 2019/20 budget included a target of £1.904m of budget savings or increased income. 96% of the target had been delivered by year end. The undelivered element was more than met by unbudgeted savings and additional income. This successful delivery reflects the approach taken of only building adequately planned and robust savings into the budget.
8. The remaining net underspend of £0.557m has been transferred to the Invest-to-Save reserve (as approved by Council in March 2020). This reserve will be used to support the delivery of savings and efficiencies through the Fit for the Future programme.
9. The key forecast budget variances by service (those with variances of +/- 100k) are set out below:

Table 1: Key General Fund revenue budget variances by service (NB: figures in brackets represent savings or increased income)

General Fund Service	Outturn Variance £000s	Description and commentary
Business Services	272	<p>The majority of the variance is due to:</p> <ul style="list-style-type: none"> £400k vacancy management budget – offset by vacancy underspends across the GF £188k lower than anticipated charge to HRA in respect of depreciation charges relating to use of GF assets £70k lower than budgeted income from written off cheques <p>This is partially offset by underspends in the following areas:</p> <ul style="list-style-type: none"> £191k - fewer insurance settlements than anticipated £215k - underspend on council tax admin due to staff vacancies £166k - higher than budgeted housing benefit grant income
Finance	(1,904)	<p>The majority of the variance is due to:</p> <ul style="list-style-type: none"> £1,059k Lower external borrowing than anticipated in respect of commercial property acquisition and Norwich Regeneration Ltd resulting in £852k lower than budgeted interest costs in the short term, £1,043k – reduction in capital contribution as higher proportion of capital spend to be funded from capital receipts £116k - due to the timing of the purchases, the minimum revenue provision expense will not be due until 2020/21 £400k - unrequired element of general fund contingency budget £365k – unbudgeted dividend from Legislator 1656 Ltd in relation to the sales of shares in Norwich Airport Ltd <p>Underspends partially offset by:</p> <ul style="list-style-type: none"> £531k net overspend within housing benefit, largely due to slightly lower than anticipated subsidy recovery rates £154k additional income paid to the HRA in respect of interest income on HRA cash balances
Strategy & Programme Management	(117)	<p>Underspend on the Fit for the Future project due recruitment for project resources now scheduled to take place in 2020/21; offset by reduced utilisation if the Invest to Save reserve</p>

General Fund Service	Outturn Variance £000s	Description and commentary
Citywide Services	(174)	<p>Variance largely due to staff vacancies in the following areas :</p> <ul style="list-style-type: none"> £86k : Head of Citywide services £113k : Neighbourhood Operations <p>Underspend partially offset by:</p> <p>£41k lower than budgeted fee income from cemetery services.</p>
Neighbourhood Housing	(396)	<p>Variance largely due to:</p> <ul style="list-style-type: none"> £246k underspend due to implementation of a revised and more accurate method of calculating shared amenities recharge between HRA & GF £87k higher than budgeted income recovery of homelessness costs including an element relating to increased grant income
City Development	(788)	<p>Variance is mainly due to :</p> <ul style="list-style-type: none"> £165k net additional income from car parks due to higher than anticipated usage £98k higher bus shelter advertising income than budgeted £84k Economic development fund not fully utilised £84k Norwich NORSE joint venture profit share higher than budgeted £75k higher than budgeted net surplus from Airport Industrial Estate £61k Strategy & development salary underspend
Property Services	(259)	<p>Underspend on general repairs budgets due to a mixture of works being reprofiled into 20/21 and contract savings – to be transferred to the repairs earmarked reserve</p>

Further detail is set out in **Appendix 1**.

Housing Revenue Account

10. The final outturn shows a £1.889m HRA underspend at the year end. This equates to 2.77% of the gross expenditure budget.

The underspend is largely a result of the reduced need for responsive repairs on HRA dwellings and reduced revenue contribution to capital, totalling £0.8m. The other significant area of underspending was in HRA general management including staffing costs and the HRA contingency budget along with reduced recharge expenditure from the GF.

11. The key budget variances by service are set out below in Table 2.

Table 2: Key HRA revenue budget variances by service (NB: figures in brackets represent savings or increased income)

Housing Revenue Account	Outturn Variance £000s	Description and commentary
Repairs & Maintenance	(365)	<p>The variance is mainly due to</p> <ul style="list-style-type: none"> £478k underspend on gas central heating due to fewer repairs and responsive replacements required due to improved products and ongoing upgrade programme. £278k underspend on general repairs as a result of contract price adjustment following open book review. £215k underspend on communal lighting general repairs due to contract retender resulting in reduced number of upgrades. £170k underspend on responsive drainage works due to lower demand. £138k underspend on estate tidiness budgets generated by delays in obtaining quotations and work being carried out in 2019/20. <p>Underspends partially offset by</p> <ul style="list-style-type: none"> £759k overspend on repairs to empty properties due to increased number of properties becoming vacant and higher than budgeted property clearance costs. £205k overspend on NPS recharge based on time recording, partially offset by underspend against Rents, Rates, & Other Property Costs
Rents, Rates, & Other Property Costs	(341)	<p>The variance is mainly due to:</p> <ul style="list-style-type: none"> £180k underspend on NPS recharge based on time recording offset by overspend against Repairs & Maintenance. £86k underspend on asset valuation, as desk top valuation undertaken rather than full valuation.

Housing Revenue Account	Outturn Variance £000s	Description and commentary
General Management	(1,041)	<p>The variance is mainly due to:</p> <ul style="list-style-type: none"> • £462k underspend on recharges from the General Fund. • £227k un-required contingency fund. • £207k underspend on employee costs, mainly due to staff turnover.
Special Services	(502)	<p>The variance is mainly due to:</p> <ul style="list-style-type: none"> • £104k underspend on sheltered housing gas costs. • £140k Sheltered housing alarm contract, not committed this year pending property review. • £69k underspend on sheltered housing snow clearing and gritting due to reduced demand. • £59k underspend on sheltered housing fixture and fittings budget as upgrades on hold pending service review.
Shared Amenities	246	Implementation of a revised and more accurate method of calculating shared amenities recharge between the HRA & General Fund.
Provision for Bad Debts	(105)	Reduction in rent arrears during the financial year, therefore provision for bad debt reduced.
Interest Received	(154)	Higher than budgeted income from General Fund in respect of interest on HRA balances
Depreciation & Impairment	691	Increase in depreciation costs due to significant increase in the valuation, meaning higher depreciation on the structural element of the properties
Adjustments & Financing Items	(499)	£424k lower than budgeted revenue contribution to capital works due to revised capital funding priorities

Further detail is set out in **Appendix 1**.

Collection Fund

12. The Collection Fund consists of Council Tax and Business Rates. Table 3 shows the performance of the Collection fund in 2019/20.

Table 3

	Business Rates £000s	Council Tax £000s
Council Tax receivable		(84,776)
Business rates receivable (net yield)	(79,050)	
Council Tax Reduction Scheme		13,858
TOTAL INCOME	(79,050)	(70,918)
Precepts & Demands	74,772	68,271
Distribution of Estimated Surplus for Previous Years	620	2,740
Transitional Protection Payable	684	
Costs of Collection	273	
Increase/(decrease) in Bad Debt Provision	1,013	937
Increase/(decrease) in Provision for Appeals	580	
Write Offs of uncollectable amounts	580	826
TOTAL EXPENDITURE	78,522	72,774
Collection Fund Balance b/fwd at 1 April	1,917	5,264
Surplus / (Deficit) for the year	528	(1,856)
Collection Fund Balance c/fwd at 31 March	2,445	3,408

Council Tax

13. Council Tax income 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.

In 2019/20 Council Tax charged totalled £70.918m.

There was an in-year deficit of £1.856m on the Collection Fund due to an increased distribution to the precepting authorities in 2019/20 of the brought forward surplus position.

The overall year-end surplus is £3.408m which will be taken into account in considering distribution of balances between the preceptors (city, county, and police) in the future.

The council's share of the closing balance on the council tax collection fund at 31st March 2020 is a surplus of £0.471m (13.82%).

Business Rates

14. Business rates income is shared between the city, the county, and central government. Any surplus or deficit is shared in the following financial year.

In 2019/20 total business rates charged totalled £79.050m. There was an in-year surplus of £0.528m on the collection fund resulting from higher than anticipated gross rateable values and a lower required contribution to the appeals provision. Any surplus reported on the business rates account will roll forward and be distributed in 2020/21 and 2021/22. Norwich City Council's share of the overall collection fund deficit is £1.007m.

The council's share of retained business rates income (including sections 31 grant) exceeded its baseline funding level (set annually by central government) by £1.4m. For 2019/20 Norwich was part of a 75% Business Rates Retention pilot scheme with the other Norfolk authorities. As part of the pilot arrangement, the Council is required to pay a levy on all growth above its baseline funding level to the Norfolk Economic Development Fund where it will be used to supplement economic development activity throughout the county. The levy due for 2019/20 is £0.336m.

15. The council has a business rates (S31) earmarked reserve with a closing balance of £2.0m. This will be used to fund any deficit payments in future years and offset any volatility in business rates.

Earmarked reserves

16. The General Fund holds a number of earmarked reserves which are held for specific purposes. The balances held in earmarked reserves are regularly reviewed to assess whether the funds are held at an appropriate level. This section sets out the key movements on the earmarked reserves during 2019/20. In light of the financial impacts on Covid-19 on the council's 2020-21 budget, the level of all reserves will continue to be reviewed and, where necessary, consideration given to the reallocation of balances.
17. Net income generated above the Medium Term Financial Strategy savings target will be transferred into the commercial reserve for future use on the commercial property portfolio (to fund void costs, rent free periods and future maintenance needs). The new net income arising from commercial property acquisitions in 2019/20 is £989k higher than budgeted, mainly due to lower external borrowing than anticipated and reduced minimum revenue provision; this amount has been transferred to the earmarked reserve:

Table 4

Commercial property earmarked reserve	£000s
Balance at 1 April 2019	1,058
Transfer of income above target	989
= Balance at 31 March 2020	2,047

18. Net income from NRL is £170k higher than the budgeted amount because external borrowing was not required; this amount has been transferred to the NRL earmarked reserve along with additional amounts as shown in the following table:

Table 5

Norwich Regeneration Ltd earmarked reserve	£000s
Balance at 1 April 2019	293
Net savings on external borrowing	170
Revenue contribution to capital underspend	1,043
Dividend from Legislator 1656 Ltd in relation to the sales of shares in Norwich Airport Ltd	365
Transfer from invest to save reserve	1,400
Transfer from general reserve	730
= Balance at 31 March 2020	4,000

19. Norwich Regeneration Ltd is currently in a challenging trading position having developed its first scheme at a financial loss to the company. Considering the above position, Full Council agreed in February 2020 to significantly increase the balance on the earmarked reserve to £4.0m at the end of the 2019/20 financial year. This reserve level will mitigate against any potential future Minimum Revenue Provision charges required to cover for estimated non-recovery of the loan balance.

20. An Invest to Save earmarked fund was created to allow the Council to support the delivery of savings and efficiencies. The balance on the fund at 1 April 2019 was £4.2m. On 25th February 2020 Council approved the transfer of any 2019/20 outturn underspend to the invest to save fund.

Table 6

Invest to save earmarked reserve	£000s
Balance at 1 April 2019	4,262
Transfer to NRL reserve	(1,400)
Utilised to fund 2019/20 spend	(222)
Transfer to repairs reserve	(187)
Transfer of 2019-20 general fund underspend	557
= Balance at 31 March 2020	3,010

Impact on Balances

21. The prudent minimum level of General Fund reserves has been assessed as £4.298m. The budgeted and forecast outturn's impact on the 2018/19 balance brought forward is as follows:

Table 7

Item	£000s
Balance at 1 April 2019	(11,653)
Budgeted contribution from reserves 2019/20	1,458
Final outturn 2019/20	(3,382)
Transfer to commercial property reserve	989
Transfer to NRL earmarked reserve	2,307
Transfer to repairs reserve	257
Transfer to invest to save fund	557
= Forecast balance at 31 March 2020	(9,467)

The General Fund balance is, therefore, expected to continue to exceed the prudent minimum balance.

22. The prudent minimum level of HRA reserves has been assessed as £5.874m. The budgeted and forecast outturn's impact on the 2017/18 balance brought forward is as follows:

Table 8

Item	£000s
Balance at 1 April 2019	(30,903)
Budgeted contribution to reserves 2019/20	(2,175)
Final outturn 2019/20	(1,889)
Transfer to HRA invest to save fund	1,000
= Forecast balance at 31 March 2020	(33,967)

The Housing Revenue Account balance is, therefore, expected to continue to exceed the prudent minimum balance.

Capital Programme

23. The general fund capital programme is underspent by £10.492m and the HRA capital programme is underspent by £26.209m at year end.

24. For 2019/20, a sum of £25m was approved in the General Fund capital budget for commercial property acquisition, along with an additional £20.6m that was carried forward from the previous year. This has enabled the council to continue its programme of upgrading and growing its investment property portfolio by selling smaller, less valuable assets and/or assets that take a lot of management time, and replacing them with better quality and higher yielding investment property.

25. During the year, a total of £42.1m was spent on acquiring five new investment properties and substantially upgrading four others. This investment has continued to increase the commercial rental income which has more than achieved the net commercial rental income target set in the MTFS of £500k in 2019/20.

During the 2019/20 financial year, the housing capital programme delivered upgrades to over 4,870 council homes, including heating upgrade works to over 750 properties, over 370 new kitchens, 680 new bathrooms and 590 replacement doors. Additionally, over 1,000 properties have benefitted from structural or roofing upgrades whilst 150 properties received renewable energy installations or additional insulation

26. The development of council homes has continued, with the completion of the final 50 new Passivhaus homes at the award winning Goldsmith development. In addition, 35 new homes have been completed at Rayne Park by Norwich Regeneration Ltd and purchased by the HRA and 6 new homes created from former council offices at Bullard Road

27. A further £9.6m of budgets for new HRA homes remain unspent, most of which will be carried forward to enable developments to continue in 2020/21.

28. Grants of Right to Buy receipts to Registered Providers totalling £2.18m have also enabled the development of further new affordable homes in the city.

Table 9: Key capital programme budget variances (NB: figures in brackets represent savings or increased income)

Capital Programme Group	Final Outturn Variance £000s	Description and commentary
GF Capital Expenditure Programme (Including Capital Contingency)	(2,132)	<ul style="list-style-type: none"> • £429K: AA1058 Norwich Parks tennis expansion. Implementation delayed until 2020/21. • £200K: AF5206 IT Transformation - Digital platform. Procurement of mobile devices dependent on implementation of new Tenancy & Estate Management System and will progress in 2020/21. • £312K: AA1005 Mile Cross Depot Site. Forecast underspend in 2019/20 reflects higher than forecast expenditure in the previous financial year as the demolition and remediation contract was completed. • £492K: AA5206 IT Investment Fund. Programme of planned investment carried forward into until 2020/21. Order for new servers placed in April 2020.
GF Capital Section 106/GNGP/CIL	(1,463)	<ul style="list-style-type: none"> • 203K: BA5204 CCAG2 20MPH Yellow Pedalway - Implementation of 20MPH zones associated with CCAG programme completed. Re-allocation of unutilised S.106 contribution to match fund Transforming Cities Fund bid under consideration. • £150K: AA5202 Castle Gardens - Planned improvements to Castle Gardens & Green tied to the timing of the delivery of the HLF funded Castle Keep project. • £172K: AD5202 CIL GNGB Riverside Walk Accessibility - Delivery of scheme now scheduled for 2020/21. • £105K: AP5202 Ketts Heights - Restoration. Delivery of project conditional on successful applications for Heritage Lottery Fund and CIL funding. Implementation deferred. • £150K: ZZ8039 CIL Neighbourhood Projects - Funding pot unallocated in current financial year. Budget to form part of carry-forward request into 2020/21 capital programme.

Capital Programme Group	Final Outturn Variance £000s	Description and commentary
GF Not Controlled By NCC	(1,114)	<ul style="list-style-type: none"> • £150K: AA1369 DfH Churchman House - Crisis Hub. The grant funding awarded by the Department for Health was released direct to the NHS. Utilisation of budget was not required • £486K: AE5200 CIL Contribution Strategic - CIL receipts in 2019/20 were lower than forecast. • £314K: AC5204 City Cycle Ambition Grant. Programme very near completion at year-end 2019/20. Final expenditure on wayfinding and signage is still to be completed. • £115K: AA5207 Disabled Facilities Grant. Annual budget was estimated before the amount of DFG funding awarded to the city for 2019/20 had been confirmed. The grant awarded for 2019/20 was fully utilised.
GF Financing for NRL/Asset Investment Programme	(5,784)	<ul style="list-style-type: none"> • £3,507K: AB0000 Asset Investment for Income - Balance of approved funding available after programme of acquisitions in 2019/20 was completed. • £2,277K: AA1916 Equity Investment – No investment equity required for NRL in 2019/20.
New Build Social Housing	(11,736)	<ul style="list-style-type: none"> • £980K: AD5100 New Build - Goldsmith Street. Final contract settlement payment due in 2020/21. • £689K: AJ5100 LANB - Northumberland Street. Planned investment in site subject to re-evaluation following administration of original development company. • £246K: AL5100 LANB Bullard Road Re-development. Underspend in 2019/20 offset by higher expenditure in 2018/19 year due to scheme progressing ahead of schedule. • £9,616K: AB5100 New Build Opportunities Fund – Some potential property and land acquisitions delayed by COVID-19 pandemic. Underspent budget to form part of carry-forward request into 2020/21. • £150K: AO5100 Affordable Housing Opportunities - Oak Street. Delivery of new homes scheduled for 2020/21.
Grants to Registered Housing Providers	(1,827)	<ul style="list-style-type: none"> • £1,827K: Capital Grants to Housing Associations – Approved grant funding to form part of carry-forward request into 2020/21.
Tenancy & Estate Management System	(569)	<ul style="list-style-type: none"> • £569K: Tenancy & Estate Management System - Procurement should be completed in early 2021. Implementation and training scheduled for completion in 2021/22.

Capital Programme Group	Final Outturn Variance £000s	Description and commentary
HRA Neighbourhood Housing	(12,077)	<ul style="list-style-type: none"> • £396K: 5110 - Electrical (Domestic). Initial contractor delays addressed with allocation of additional labour but full budget not spent in within 2019/20. • £187K: 5120 - Whole House Improvements. Works programmed at Coleman Road deferred until 2020/21. • £1,063K: 5130 Boilers Communal- Programme delayed. Installation of Barnards Yard ground source heat pump system deferred to 2020/21. Installations at Bradecroft and Silver Birch Court also scheduled to commence in 2020/21. • £344K: 5140 Insulation – Works planned to take place following structural works, deferred into 2020/21 due to delays in structural programme. • £247K: 5150 Windows Programme – Budget was greater than required to complete most of planned programme for 2019/20. Some of properties scheduled for late March were delayed due to Covid-19 pandemic. • £1,382K: 5151 Composite Doors - Delivery of planned programme delayed as contractors continued to seek safety accreditation for the replacement doors. Installations have now commenced again. • £402K: 5180 Estate Aesthetics – Budget increased for 2019/20 but cost efficiencies have meant that it wasn't fully required to complete all planned works for year. • £157K: 5180 Planned Maintenance Roofing. - Planned works completed at lower than anticipated cost. • £3,857K: 5181 Planned Maintenance - Structural – Delays to some schemes due to requiring additional investigation works, procurement delays and later works being suspended due to Covid-19 pandemic. • £3,113K: 5182 Tower Block Regeneration - Commencement of replacement of the risers and laterals to Winchester Tower delayed for due diligence process to be undertaken. Continuation of the project, including works to Normandie Tower is planned for 2020/21. • £251K: 5163 HRA Empty Shops – Projects delayed due to contractor issues and awaiting former tenants to remove equipment from premises. Completion of conversion projects at Coleman Rd and Drayton Rd delayed into 2020/21. • £150K: 5192 Disabled Adaptations - Underspend due to tender values lower than forecast and contractors capacity to deliver planned programme.

Further detail is set out in **Appendix 2** with funding detail in **Appendix 2a**

Capital carry-forward

29. The carrying forward of capital budgets from one year to the next, allows for the continuation of schemes across the year-end without the need to seek re-approval of capital budgets through the new year's capital programme. This facility caters for schemes starting later than planned and schemes where the expenditure profile is different from that originally envisaged.

To allow flexibility in dealing with any such amendments, and to provide continuity of budget approval, it is recommended that the approval of carry-forward of unspent 2019/20 capital budgets still required, to the 2020/21 capital programme, be delegated to the chief finance officer, director of place and director of people and neighbourhoods, in consultation with the cabinet member for resources.

Such approvals would be within the usual parameters, of being limited to the amounts underspent on each budget in 2019/20, for the purpose(s) for which the existing approval was given, and would be reported to cabinet in the first budget monitoring report of 2020/21.

Integrated impact assessment



NORWICH
City Council

Report author to complete

Committee:	Cabinet
Committee date:	
Head of service:	Chief Finance Officer
Report subject:	Budget Monitoring 2019/20 Final outturn
Date assessed:	11/06/2020
Description:	This is the integrated impact assessment for the Budget Monitoring 2019/20 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"/>	

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
Risk management	<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.

Recommendations from impact assessment

Positive

None

Negative

None

Neutral

None

Issues

The council should continue to monitor its budget performance in the context of the financial risk environment within which it operates.

Revenue Budget Monitoring Summary Year: 2019/20 Final outturn

General Fund Summary

19/20 Budget (£000s)		19/20 Outturn (£000s)	19/20 Variance (£000s)
4,928	Business Services	5,200	273
461	Democratic Services	477	17
(18,106)	Finance	(20,010)	(1,904)
0	Human Resources	4	4
0	Procurement & Service Improvement	10	10
(12,718)	Total Business Services	(14,319)	(1,601)
0	Chief Executive	0	0
368	Strategy & Programme Management	251	(117)
368	Total Chief Executive	252	(117)
1,887	Communications & Culture	1,838	(49)
(156)	Customer Contact	(70)	86
1,731	Total Customers, Comms & Culture	1,768	37
10,599	Citywide Services	10,425	(174)
1,542	Neighbourhood Housing	1,146	(396)
794	Neighbourhood Services	740	(54)
12,935	Total Neighbourhoods	12,311	(624)
(4,785)	City Development	(5,573)	(788)
0	Environmental Strategy	(0)	(0)
0	Executive Head of Regeneration &	2	2
1,931	Planning	1,899	(32)
538	Property Services	279	(259)
(2,316)	Total Regeneration & Growth	(3,393)	(1,077)
0	Total General Fund	(3,382)	(3,382)

Housing Revenue Account Summary

19/20 Budget (£000s)		19/20 Outturn (£000s)	19/20 Variance (£000s)
13,603	Repairs & Maintenance	13,237	(366)
5,924	Rents, Rates, & Other Property Costs	5,582	(341)
12,882	General Management	11,840	(1,041)
4,654	Special Services	4,152	(502)
22,027	Depreciation & Impairment	22,718	691
170	Provision for Bad Debts	65	(105)
(56,504)	Dwelling Rents	(56,491)	13
(2,369)	Garage & Other Property Rents	(2,293)	76
(7,927)	Service Charges General	(7,891)	37
(82)	Miscellaneous Income	(26)	56
8,169	Adjustments & Financing Items	7,670	(499)
(446)	Amenities Shared by Whole Community	(200)	246
(100)	Interest Received	(254)	(154)
0	Total Housing Revenue Account	(1,889)	(1,889)

General Fund summary by type

19/20 Budget (£000s)		19/20 Outturn (£000s)	19/20 Variance (£000s)
21,538	Employees	21,153	(385)
10,521	Premises	10,356	(165)
266	Transport	240	(26)
17,404	Supplies & Services	18,346	942
4,048	Third Party Payments	4,146	99
76,865	Housing Benefits & Business Rates Tariff	77,765	900
2,796	Capital Financing	3,730	934
1,250	Rev Contribs to Capital	207	(1,043)
(30,724)	Fees, Charges and Rental Income	(33,355)	(2,631)
(94,639)	Government Grants	(96,922)	(2,283)
17,907	Recharge Expenditure	16,395	(1,512)
(27,231)	Recharge Income	(25,443)	1,788
0	Total General Fund	(3,382)	(3,382)

Housing Revenue Account summary by type

19/20 Budget (£000s)		19/20 Outturn (£000s)	19/20 Variance (£000s)
5,906	Employees	5,686	(220)
21,779	Premises	20,819	(960)
101	Transport	48	(53)
2,526	Supplies & Services	1,802	(724)
2	Third Party Payments	0	(2)
7,817	Recharge Expenditure	7,288	(529)
24,059	Capital Financing	25,045	986
(67,649)	Receipts	(67,868)	(219)
0	Government Grants	0	0
(554)	Recharge Income	(298)	256
6,013	Revenue Contribution to Capital	5,590	(424)
0	Total Housing Revenue Account	(1,889)	(1,889)

Capital Budget Monitoring Summary Year: 2019/20

Final outturn

GF Capital Expenditure Programme	19/20 Budget (£000s)	19/20 Outturn (£000s)	19/20 Variance (£000s)
ZZ8029 Grounds Maintenance	264	280	17
AC1000 City Hall roof membrane replacement	0	0	0
AA1058 Norwich Parks tennis expansion	435	9	(426)
AA1911 Riverbank stabilisation (River Yare &	113	36	(77)
AA1305 Hewett Yard refurb - Communal toilet	17	18	1
AB1305 Hewett Yard refurb - Roofing	0	0	0
AD1000 City Hall - Fire system detector	0	0	(0)
AA1912 Riverside Leisure Centre - Plant	182	103	(79)
AA1064 Earlham Park toilet replacement	83	4	(79)
AA1009 Eaton Park path replacement	45	37	(8)
AC5206 HR System	17	5	(11)
AA1688 ThreeScore Infrastruct NaHcaSP	0	-4	(4)
AA1783 Non trafficked pedestrian bridges	40	0	(40)
AA1288 Strangers Hall stores roof	28	14	(14)
AF0000 Riverside Footpath District Lighting	23	26	3
AH1000 City Hall heating system	105	79	(26)
AA1291 Castle Museum windows	20	0	(20)
AG0000 Pulls Ferry quay heading	15	0	(15)
AB1856 St Giles MSCP Lift Controller	8	5	(3)
AA1079 Wensum Park Stone Wall	20	0	(20)
AA1184 Community Centres - Upgrades	102	63	(38)
AB1021 Motor Cycle Park	39	0	(39)
AJ1000 City Hall Kitchens & Toilets	65	30	(35)
AF5206 IT Transformation - Digital platform	200	0	(200)
AK1000 City Hall Room 419 Heating	15	2	(13)
AA1005 Mile Cross Depot Site	1,425	1,113	(312)
AA5205 CCTV replacement	143	91	(52)
AD5206 Parking Management System	22	0	(22)
AA1204 Traveller Site	26	0	(26)
AA1000 Customer centre redesign	68	1	(67)
AA5206 IT Investment Fund	584	92	(492)
AB5206 Finance System	141	120	(21)
AD0000 Park Depots demolition	157	183	25
AA1654 Waterloo Park Pavilion F&F	10	10	0
Total GF Capital Expenditure Programme	4,410	2,318	(2,091)

GF Capital Section 106/GNGP/CIL	19/20 Budget (£000s)	19/20 Outturn (£000s)	19/20 Variance (£000s)
BA5204 CCAG2 20MPH Yellow	203	0	(203)
EY5201 Play Sector 3 & 4 improvements	6	0	(6)
FJ5201 St Georges open space and play	88	0	(88)
FK5201 Wensum Park Play Area -	62	0	(62)
FF5201 S.106 Bowthorpe To Clover Hill	69	1	(68)
FG5201 St Stephens Towers Public Realm	70	8	(63)
FI5201 S.106 Bus Shelter Installation Clover	4	0	(4)
FL5201 Bunkers Hill - Entrance & path	59	0	(59)
EM5201 s106 The Runnel Play Provision	0	11	11
ES5201 S106 Mile Cross Gardens Play	2	1	(1)
EV5201 s106 Castle Green Play	74	5	(70)
EX5201 Bowthorpe Southern park	5	0	(5)
FB5201 S106 Livestock Mkt Cycle/Walkway	0	0	0
FC5201 BRT & Cycle Route Measures	76	10	(66)
AO5200 Yare - Wensum Green Infrastructure	75	10	(65)
AA1857 St Andrews MSCP Led Lighting	285	262	(23)
AA5202 CIL GNGB Castle Gardens	150	0	(150)
AB5202 CIL GNGB Football Pitch	40	45	5
AC5202 CIL GNGB Marriotts Way Barn Road	0	0	0
AD5202 CIL GNGB Riverside Walk	193	22	(172)
AE5202 GNGB IIF M Way, A Meadow to	3	1	(1)
AG5202 UEA to Eaton boardwalk extension	90	1	(89)
AP5200 Ketts Heights - Restoration	105	0	(105)
AI5202 Earlham Millenium Green	21	11	(10)
AL5202 Marriotts Way GNDP	0	0	0
AK5202 GNGP Bowthorpe Crossing	3	4	1
AL5200 CIL Crowdfunding matched funding	41	30	(12)
AM5200 Mile Cross cycle and pedestrian links	0	0	0
AN5200 CIL Parish Partnership matched	33	33	0
AA5200 Co-CIL Nhood Ketts Heig	6	7	0
AB5200 CIL Nhood 20 Acre Wood	6	2	(3)
AD5200 CIL Nhood Community Enabling	6	0	(6)
ZZ8039 CIL Neighbourhood Projects	150	0	(150)
Total GF S106/GNGP/CIL Programme	1,927	464	(1,463)

GF Not Controlled By NCC	19/20 Budget (£000s)	19/20 Outturn (£000s)	19/20 Variance (£000s)
AY5204 CCAG2 Wayfinding	33	3	(30)
AA1369 DfH Churchman House - Crisis Hub	150	0	(150)
AA5203 Cycle safety funding	953	955	1
AA5208 Cycle Safety Grant	620	561	(59)
AC5207 DFG 2017/18 Social Care Funds	0	0	(0)
AA5210 MHCLG Rapid Rehousing Pathway	54	54	0
AE5200 CIL Contribution Strategic	1,198	711	(487)
AJ5200 CIL neighbourhood - Natural	6	5	(0)
AK5200 CIL neighbourhood - Netherwood	29	1	(28)
AC5204 PtP - Yellow - Lakenham/Airport	169	0	(169)
AE5204 CCAG2 Fifers Lane/Ives Rd/Heyford	20	0	(20)
AG5204 CCAG2 Angel RD	40	12	(28)
AI5204 CCAG2 Edward Street north	10	0	(10)
AJ5204 CCAG2 St Crispins (St Georges -	31	-2	(33)
AL5204 CCAG2 All Saints	0	1	1
AN5204 CCAG2 20 MPH areas (Yellow)	209	199	(10)
AO5204 CCAG2 Cycle Parking (Yellow)	0	0	0
AP5204 CCAG2 Wayfinding	13	1	(12)
AR5204 Co-CCAG2 A11 north slip	11	14	3
AU5204 CCAG2 Newmarket Rd (Unthank Rd	9	9	0
AW5204 CCAG2 Magdalen Rd	0	-12	(12)
BM5204 CCAG2 St Clements Hill (entrance	0	0	0
AX5204 CCAG2 Chartwell Road/St Clements	0	0	0
AZ5204 CCAG2 City Centre Strategy for	2	3	1
AA5204 CCAG2 Administration	32	36	4
AA5207 Disabled Facilities Grant	1,250	1,135	(115)
AP0000 Works in Default	0	17	17
AQ0000 DFG Residents Contribution	0	16	16
AR0000 Strong & Well Project	0	1	1
AB5207 HIA - Housing Assistance	200	204	4
Total GF Not Controlled By NCC	5,038	3,924	(1,114)

GF Capital Asset Investment Programme	19/20 Budget (£000s)	19/20 Outturn (£000s)	19/20 Variance (£000s)
AB1429 Asset Acquisition 6	856	776	(79)
AA1917 4b Guildhall	73	55	(18)
AA1918 26-28 St Giles Steet	41	37	(4)
AA0949 Asset Acquisition 7	5,258	5,186	(72)
AA0946 Asset Acquisition 8	6,974	6,871	(102)
AA1921 Asset Acquisition 9	6,652	6,565	(87)
AA2001 Asset Acquisition 10	15,293	15,295	2
AA2010 Asset Acquisition 11	7,306	7,254	(52)
ZZ7438 144A King Street	19	14	(5)
AB0000 Asset investment for income (other	3,089	0	(3,089)
Total GF Asset Investment Programme	45,561	42,054	(3,507)
GF Capital Expenditure Programme	19/20 Budget (£000s)	19/20 Outturn (£000s)	19/20 Variance (£000s)
AA1916 Equity Investment	2,277	0	(2,277)
Total GF Financing For NRL	2,277	0	(2,277)
GF Capital Expenditure Programme	19/20 Budget (£000s)	19/20 Outturn (£000s)	19/20 Variance (£000s)
AH0000 Capital contingency	40	0	(40)
Total GF Capital Contingency	40	0	(40)
Total General Fund Capital Programme	59,253	48,760	(10,492)

HRA Capital Programme Group	19/20 Budget (£000s)	19/20 Outturn (£000s)	19/20 Variance (£000s)
Community Upgrades	1,436	784	(652)
Heating Upgrades	4,587	3,373	(1,214)
Home Upgrades	6,501	5,579	(922)
Independent Living Upgrades	1,035	931	(104)
Preventative Upgrades	11,973	4,839	(7,134)
Sheltered Housing Regeneration	0	(12)	(12)
Thermal Upgrades	1,003	594	(410)
Window & Door Upgrades	2,724	1,095	(1,630)
Site Development	150	73	(77)
New Build Social Housing	20,771	9,112	(11,659)
RTB Buyback Programme	0	0	0
Grants to Registered Housing Providers	4,005	2,179	(1,827)
CCTV Replacement	72	73	1
Tenancy & Estate Management System	695	126	(569)
Total HRA Capital Programme	54,953	28,744	(26,209)

Funding of the 2019/20 Capital Programme

Source of Funding	£000s
Borrowing	42,316
Revenue Contribution (RCCO)	5,797
Major Repairs Reserve (MRR)	16,750
Retained One for One RTB (Right To Buy) Capital Receipts	4,924
Other Capital Receipts	1,972
City Cycle Ambition Grant	1,780
Grants & Contributions funding	2,695
CIL (Community Infrastructure Levy) Strategic Pool	789
Section 106	37
Leaseholder Contributions	445
Funding of 2019/20 Capital Programme	77,505