



The Budget 2022/2023

Monitoring Report

June 2022 – Quarter 1

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Summary

The budget for 2022/2023 was presented to Cabinet on 9th February 2022 and approved by Council on 23rd February 2022 in accordance with the process for approving the financial plan 2021/2026.

Whilst the Government has removed all Covid response legislation relating to social and business restrictions from 24 February 2022, the lasting effects on the local economy, the council, its residents and businesses remain uncertain. There are concerns around the growing inflation and the impact of the cost of living for individuals and businesses. This budgetary control monitoring report has been prepared and provides a summarised update of any variances against the original budget for 2022/2023.

The council are currently estimating a transfer to the General Fund Reserves of £549,980, an increase of £17,810 against a budgeted transfer of £532,170. This increases the estimated balance as at 31st March 2023 to £9,533,740.

	Original Budget 2021/22 £	Forecast 30 June 2022 £	Variance £
Borough Spend	21,022,890	21,005,080	(17,810)
Financing	(21,555,060)	(21,555,060)	0
Contributions to/(from) General Fund Balance	532,170	549,980	17,810

The Capital Programme 2021/2026 was updated at Council on 23rd February 2022. The current spend is £4,338,001 against a budget of £68,664,070. See section 3 of report for further details of the Capital Programme.

If further information relating to any budget highlighted within this report is required, please do not hesitate to contact Carl Holland on Ext. 6549

1. Introduction

The report provides an assessment of the council's financial performance against its approved 2022/23 budget, incorporating key financial risks, issues and opportunities since 1 April 2022 for revenue and capital. The year-end forecasts are based on actual expenditure from 1 April 2022 to 30 June 2022.

The key sections of the report are laid out as follows:

- General Fund (Revenue) – Section 2 and Appendix A
- Capital – Section 3 and Appendix B
- Reserves – Section 4
- Age Debtors Analysis – Section 5
- Council Tax and Business Rates Collection– Section 6
- Treasury – Section 7

2. Revenue Budget 2022/2023

2.1 Budget Summary

2.1.1 A summary of the budget position as of 30 June 2022 is shown below. Note this has been restated following a restructure of service areas between that reported to Council on 23 February 2022 and 1 April 2022. A summary is shown in Appendix A of the movements.

	Budget Agreed by Council 23 February 2022	Budgetary Control Monitoring Report 2022/2023	Report Variance (Budget to June 2022)
	£	£	£
Central Services	3,186,180	3,193,430	7,250
Health Wellbeing and Public Protection	401,030	422,520	21,490
Programme and Project Delivery	234,530	234,530	0
Legal	486,440	486,440	0
Environment and Planning	1,630,900	1,633,200	2,300
Operations and Commercial	1,174,410	1,157,900	(16,510)
Property and Projects	(1,441,660)	(1,425,949)	15,711
Regeneration Housing & Place	867,590	869,800	2,210
Resources	7,976,880	7,894,133	(82,747)
Chief Executive	101,300	101,300	0
Leisure and Community Facilities	1,075,400	1,107,886	32,486
Financing Adjustment	2,320,670	2,320,670	0
Internal Drainage Boards	3,009,220	3,009,220	0
Borough Spend	21,022,890	21,005,080	(17,810)

	Budget Agreed by Council 23 February 2022	Budgetary Control Monitoring Report 2022/2023	Report Variance (Budget to June 2022)
Contributions to/(from) General Fund Balance	532,170	549,980	17,810
Borough Requirement	21,555,060	21,555,060	0
Revenue Support Grant	(647,530)	(647,530)	0
Rural Service Delivery Grant	(485,690)	(485,690)	
New Homes Bonus	(589,610)	(589,610)	0
Other Government Grants	(629,760)	(629,760)	0
Business Rates Retention Additional Funding	(7,888,830)	(7,888,830)	0
Business Rates Renewable Energy	(2,811,280)	(2,811,280)	0
Contribution from Business Rate Reserves	(552,090)	(552,090)	0
Business Rates Pool – Council Share	(592,870)	(592,870)	0
Collection Fund	(25,000)	(25,000)	0
Council Tax	(7,332,400)	(7,332,400)	0
Total Funding	(21,555,060)	(21,555,060)	0
Funding Position	0	0	0

2.3 Turnover Savings

The budgeted turnover savings for 2022/23 are (£550,000). At this point in the financial year, it is difficult to give an update until the impact of any pay award is known. See comment below.

2.4 Opportunities/Risks

- 2.4.1** Proposals for this year's cost-of-living pay award are expected to be reported to cabinet in Autumn followed by Council for consideration and will be backdated to April. The proposals for this year are being considered against the national pay offer to the public sector. These are currently indicated to be higher than the budgeted increase of 2.5%.
- 2.4.2** The full impact of the escalating inflation on services in relation to fuel costs and utilities has not fully been identified and this continues to be worked on with service managers to identify the impact on the budget. A 1% increase on utilities would cost around £9,000.
- 2.4.3** In relation to fees and charges some of the services appear to be back to pre-pandemic levels. This is being monitored along with a review in preparation of the future Financial Plan.

3. Capital

3.1 The Capital Programme 2022/23 was updated at Council on 23rd February 2022.

3.2 Summary spend to date can be seen in the table below.

	Budget 2022/2023 (Council 23 February 2022) £	Amended Budget February Monitoring £	Spend to 30 June 2022 £	June Spend Percentage %
Major Projects	49,981,110	49,981,110	2,746,482	5.50
Community and Partnerships	2,480,680	2,510,680	325,250	12.95
Resources (S151 Officer)	383,460	383,460	58,742	15.32
Property and Projects	309,330	309,330	25,256	8.16
Operational and Commercial Services	2,705,510	2,705,510	45,862	1.70
Leisure and Community Facilities	1,306,080	1,306,080	0	-
Central Services	250,000	250,000	0	-
Total	57,416,170	57,446,170	3,201,592	5.57
Exempt Corporate Schemes	11,217,900	11,217,900	1,136,409	10.13
Total Capital Programme	68,634,070	68,664,070	4,338,001	6.32

3.2.2 An amendment to Community and Partnerships of £30,000 is reported.

This is for the purchase of a new vehicle for use in the Community Safety and Neighbourhood Nuisance team as approved by members on 16th November 2021 in response to assisting with environmental issues including the illegal dumping of waste on land in West Norfolk.

3.3 Further detail of Quarter 1 2022/23 position is in Appendix B. It should be noted that a number of major housing projects are being reviewed with some redesign being undertaken. The associated budgets and timelines are subject to change on completion of this work.

4. Reserves

4.1 The main reasons the Council holds reserves are to:

- Manage known financial risks
- Hold funding as one-off contributions to expenditure, allowing ongoing revenue budget reductions
- Manage timing difference between the receipt of funding and actual spend
- Hold ring-fenced funds such as specific grants

4.2 The table below shows the reserves balances based on actual spending and movements in the year. The opening balance is as per the outturn report.

Reserves	Opening balance 1 April 2022	In year movements	Forecast Outturn Balance 31 March 2023
Ring Fenced Reserves			
Amenity Areas	2,000		2,000
Ring Fenced Reserves	3,983,000	5,477	3,988,477
Capital Programme Resources	3,013,000		3,013,000
Collection Fund Adjustment Reserve	10,693,000		10,693,000
Climate Change Strategy	1,246,000		1,246,000
Holding Accounts	309,000		309,000
Grants Reserves	4,617,000		4,617,000
Planning Reserves	548,000		548,000
Repairs and Renewal Reserves	1,362,000	(30,581)	1,331,419
West Norfolk Partnership	879,000		879,000
Sub Total	26,652,000	(25,104)	26,626,896
Service Delivery			
Capital Programme Resources	2,560,000	(126,271)	2,433,729
Insurance Reserve	226,000		226,000
Restructuring Reserve	484,000		484,000
Repairs and Renewal Reserves	550,000		550,000
Holding Accounts	1,795,000		1,795,000
Project Reserves	4,038,000		4,038,000
Sub Total	9,653,000	(126,271)	9,526,729
Grand Total	36,305,000	(151,375)	36,153,625

4.3 As reported to Council in February 2022, the budget set out an estimated contribution to the General Fund Reserve of £532,170. The estimated contribution has now increased to £549,980 because of the changes set out in this report. The revised impact on balances is detailed in the table below.

Projected Movements in General Fund Balances	2022/23 £
Balance brought forward 1st April 2022	8,983,760
Estimated contribution to/(from) Balances	549,980
Projected General Fund Balance 31st March 2023	9,533,740

4.4 The projected balance for 2022/2023 remains above the minimum level of £1,128,410 required of the Council. However, it should be noted that the audit for the financial statements of 2019/2020 and 2020/2021 are still not concluded and a possible outcome could result in a financial adjustment to the accounts which require further drawdown from the general fund balance

4.5 The General Fund Balance is held at a higher level than it might normally be to provide for a planned and measured response to the reduction in grant funding that will occur in the medium term. Significant draws from the general funding balance remain necessary in future years of the medium-term financial plan in order to set a balanced budget.

5. Age Debt Analysis

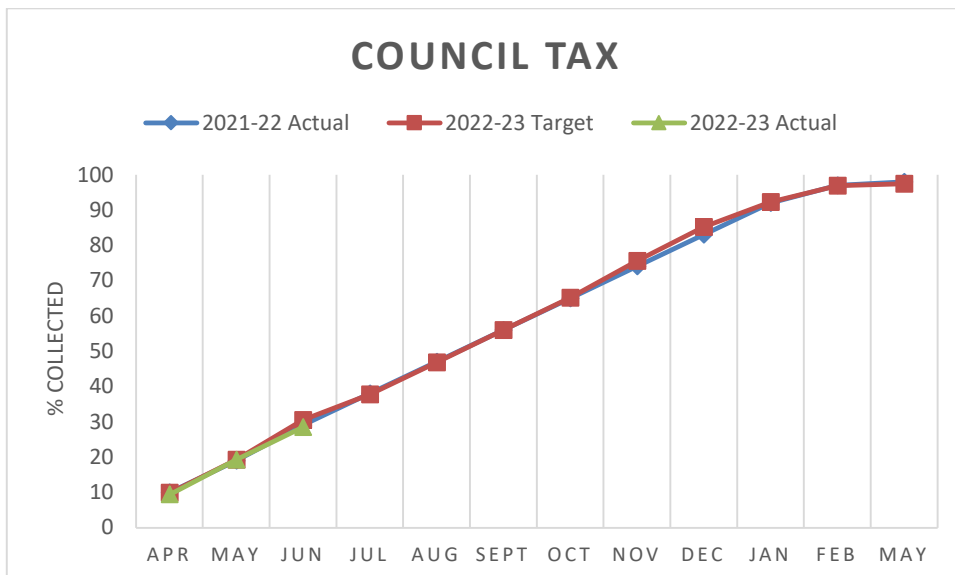
5.1 The effective management and collection of debt is an essential contributor to the councils' financial resources. In accordance with good accounting practice, the Council makes appropriate provision for bad debts.

5.2 As of 30 June 2022, the council had £5,020,084 of debt of which £3,692,059 was more than 30 days old.

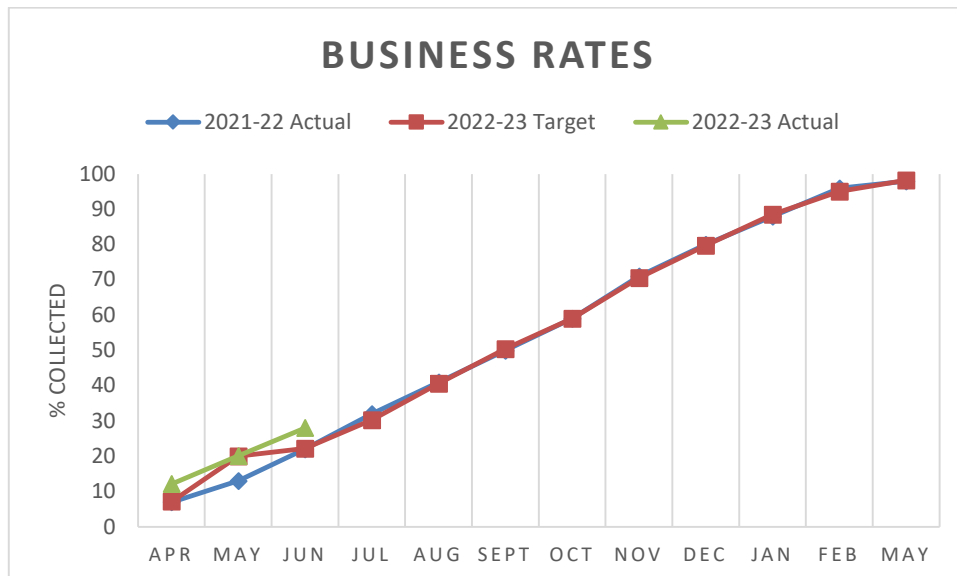
5.3 In relation to Housing Benefits overpayment recovery the target as of 30 June 2022 is £72,000 and £63,143 has been raised in invoices.

6. Council Tax and Business Rates

6.1 As of 30 June 2022 28.52% of council tax has been collected against the target of 30.49%. See Chart below with comparison to 2021/22 actuals.



- 6.2 28.06% of business rates has been collected against the target of 22.15%, as of 30 June 2022. See chart below with comparison to 2021/22 actuals.



7. Treasury Management 2022/23

- 7.1 The “Treasury Management Strategy Statement and Annual Investment Strategy 2022/2023” was approved by Council on 9 February 2022. The Council’s Treasury Management Strategy will be updated as appropriate for any changes made to the code of practice by CIPFA.
- 7.2 The budgeted ROI (Return on Investment) is £278,790, excluding capital loans it is £132,480. As of 30 June 2022, this is the forecasted position.
- 7.3 The monitoring report includes prudential indicators, updates on movements in borrowing and investments during the period.

Prudential Indicators

Indicator	Original Limit 2022/2022	Actual Borrowing 30 June 2022
Operational Boundary (Limit of borrowing)	£77m	£10m
Short-term and variable rates borrowing limits	40%	0%

Loans

Institution	Principal £	Rate %
Short Term borrowing	0	
Total Short Term	0	
Barclays	5,000,000	3.810%
Barclays	5,000,000	3.810%
Total Long Term	10,000,000	
Total Borrowing	10,000,000	

Investments

Institution	Principal £	Rate %
BNP (Banque Nationale de Paris) – MMF	4,000,000	1.05%
HSBC Sterling – MMF	3,450,000	0.94%
LGIM – MMF	4,000,000	0.98%
Total Money Market Fund Investment	11,450,000	
Handlesbanken	4,000,000	0.25%
Santander	4,000,000	0.45%
SMBC Bank International plc	4,000,000	0.63%
Standard Chartered Bank	4,000,000	0.58%
Total Other Investments	16,000,000	
Overall Investments	27,455,000	

8. Conclusion

- 8.1** The primary objective of this report is to monitor service area performance against allocated budgets and to consider variances to the budget figure in the light of current circumstances.
- 8.2** Careful budgetary control throughout the year ensures that resources are applied as planned, fulfilling the goal to secure the long-term economic future of the borough. Budgetary control is applied in a consistent manner across all budgets, and individual decisions to be taken during the financial year are reviewed for impact on a case-by-case basis before they are taken, so that any identified impact can be considered and taken into account at the appropriate time.
- 8.3** The content of this budget monitoring report is designed to enable Councillors and Senior Officers to see the financial position of the Council as a whole, as required by the Local Government Act 2003