

CABINET MEMBERS REPORT TO COUNCIL

1 DECEMBER 2022

COUNCILLOR ANGIE DICKINSON - CABINET MEMBER FOR FINANCE

For the period 14 October To 1 December 2022

1 Progress on Portfolio Matters.

Progress on my portfolio has been fairly evenly divided between the continued review of Earmarked Reserves and the Budget Process, which will culminate in the Financial Plan report to Cabinet and Council in February. It's routinely a lengthy process because there are always pressures coming from a variety of sources but this year is arguably the worst in 50 years due to high inflation and other cost of living pressures.

The Chancellor's Autumn Statement was eagerly awaited but apart from telling us what we already know in terms of existing year on year inflation and forecasts for the next 2 years there was virtually nothing that directly impacted on the Borough Council, no additional funding, no relaxation of the Council Tax referendum rules, just a series of measures that have a negative impact on our residents and businesses. That leaves us with some difficult decisions to make pending the announcement of the amount of grant settlement from central government, however, it is anticipated that that announcement will produce no surprises one way or the other, but the worry remains that the settlement will be significantly reduced, adding to the pressures we face to fill the funding gap.

Members have expressed a great amount of interest in the amount of money that the Council holds in its General Fund and Earmarked Reserves, both of which can be utilised to fund Revenue Expenditure, however, it has been important to establish just why we have so much set aside in Earmarked Reserves, balances that have accrued over a long period of time. The S151 Officer has completed her review and categorised each fund so we now have a clear picture of each fund's purpose. I must reiterate that a large proportion is set aside for statutory requirements and therefore is not available for any other use. Other categories are sums set aside to fund capital expenditure, "rainy day" funds for exceptional expenditure that isn't annual in nature e.g. maintenance of buildings and election expenses, and provision for insurance claim excesses. That review has now been extended to include consultation with senior service managers and Cabinet portfolio holders in order to do a more in depth review using their specialist knowledge. So far this has identified that sums held in Earmarked Reserves is insufficient for what they are intended to cover, so regrettably a number of difficult decisions will need to be made. At the time of writing, five such meetings have taken place with

more scheduled up to Council on 1 Dec. Such review meetings will continue after Council with the intention that the exercise will be complete by the time news of the annual settlement is received. One option that has already been identified is that Earmarked Reserves that fund capital expenditure might need to be diverted to support revenue expenditure and alternative ways of funding capital need to be explored, such as external borrowing, which in itself has additional implications.

In addition to Earmarked Reserves, detailed work is underway on the 4 year Financial Plan, which includes Council Tax setting. Early indications are that the first year of the Financial Plan will be fully funded however, it is clear that the second year will see a shortfall, even after depleting the General Fund to the minimum recommended level, with years three and four increasing that shortfall. That position is untenable and a fully funded budget for all years in the Financial Plan is essential for the Council's future viability.

As in my last report, there continues to be a whole raft of new capital projects with a variety of funding streams that require review. In addition to projects already approved as part of the Town Deal, Riverfront and South Gates redevelopments and a new leisure centre at Hunstanton the proposed development at West Winch is currently out to consultation and is likely to go ahead. Finally a new facility at Lynnsport is currently being evaluated. Several of those projects will benefit from government funding and will generate much needed additional income to the Borough, therefore the capital investment is crucial to our future financial viability.

Finally, the budget monitoring process continues to be reviewed and is an ever-improving tool to ensure that officers are aware of financial issues in their respective service area, something that is even more important in the current financial climate than usual.

2 Forthcoming Activities and Developments.

Work will continue on the above issues, several of which will be over a prolonged period. Work on the budget process will escalate until it culminates in the budget proposal submitted to Cabinet and Council in February 2023. It is anticipated that a lot of difficult decisions will need to be made both during the current financial year and in the four year period of the Financial Plan. When the budget process was finalised in February of this year, inflation rates were broadly ticking over at the same low levels as have been seen over recent years, with the exception of fuel, for which a higher level of inflation had been allowed. Actual inflation has been at significantly higher levels than anticipated and therefore a much enhanced level of scrutiny will be given to monitoring the position.

3 Meetings Attended and Meetings Scheduled

17 Oct Meeting with officers to discuss motorhome parking
17 Oct Corporate Performance Panel
19 Oct Cabinet
20 Oct Tour of Lynnsport

21 Oct Portfolio Briefing
24 Oct Review of Reserves with S151 Officer
24 Oct Cabinet Sifting
25 Oct Portfolio review with the Leader
26 Oct Presentation on Port Evo project
31 Oct Meeting with officers re the Corn Exchange post project evaluation
31 Oct Corporate Performance Panel
4 Nov Portfolio Briefing
7 Nov Budget Setting Review – Leader/CEO/S151 Officer
8 Nov Cabinet Briefing on the budget
11 Nov Portfolio Briefing
15 Nov Cabinet
17 Nov Member Briefing on Housing
18 Nov Portfolio Briefing
18 Nov Budget Setting Review – Leader/CEO/S151 Officer
22 Nov Review of Earmarked Reserve and Associated Capital Projects
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25 Nov Portfolio Briefing
25 Nov Review of Earmarked Reserve and Associated Capital Projects
28 Nov Review of Earmarked Reserve and Associated Capital Projects
29 Nov Twinning Meeting
30 Nov Review of Earmarked Reserve and Associated Capital Projects
30 Nov S106/CIL Training
1 Dec Council