



The Budget 2022/2023

Monitoring Report

January 2023

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The Budget 2022/2023

Monitoring Report – January 2023 – Period 10

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.

There is continuing uncertainty as to the expected levels of inflation and its impact on the Council and the cost of living for individuals and businesses. 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. As the war in Ukraine continues it is putting further upward pressure on commodity and fuel prices, for residents, businesses, and the Council. The risk from inflationary factors is being monitored in terms of effects from increasing revenue costs to the Council's services, risk to recovery of monies collected by the Council and risk that could delay and increase the cost of capital projects. 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 is currently estimating a contribution to the General Fund Reserves of £830,754, a favourable movement of £223,764 against a budgeted transfer of £526,990 increasing the estimated balance as at 31st March 2023 to £9,734,514.

	Original Budget 2022/23 £	Forecast 31 January 2023 £	Variance Pd10 £	Variance Pd7 £
Borough Spend	21,028,070	20,804,306	(223,764)	864,220
Financing	(21,555,060)	(21,555,060)	0	0
Contributions to/(from) General Fund Balance	526,990	750,754	223,764	(864,220)

The Capital Programme 2021/2026 was updated at Council on 23rd February 2022. The current spend is £18,897,755 against a revised budget of £33,416,370. Major Projects comprises of 59% of the revised budget for the Capital Programme. The Council's Member Major Projects Board holds meetings throughout the year to monitor and receive updates for these projects. Officers of the Council are reviewing the impact on the timing and funding of programme reflecting specifically recovery from the pandemic and inflation. See section 3 of report for 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 2022/2023 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 31 October 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 and Appendix C
- Age Debtors Analysis – Section 5 and Appendix D
- 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 31 January 2023 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.

P7 Forecast Outturn Position	Budget Agreed by Council 23 February 2022	Budgetary Control Monitoring Report January 2022/2023	Report Variance (Budget to January 2023)	Report Variance (Budget to October 2022)	Movement Pd7 to Pd10
Service	£	£	£	£	£
Central Services	3,186,180	3,275,940	89,760	19,390	70,370
Health Wellbeing and Public Protection	401,030	406,920	5,890	(16,730)	22,620
Programme and Project Delivery	234,530	(32,080)	(266,610)	(17,550)	(249,060)
Legal	486,440	515,050	28,610	(23,810)	52,420
Environment and Planning	1,630,900	1,217,440	(413,460)	(129,720)	(283,740)
Operations and Commercial	1,174,410	1,567,968	393,558	267,330	126,228
Property and Projects	(1,441,660)	(1,473,830)	(32,170)	117,290	(149,460)
Regeneration Housing & Place	867,590	896,150	28,560	38,440	(9,880)
Resources	7,982,060	8,072,058	89,998	77,160	12,838
Chief Executive	101,300	101,300	0	0	0
Leisure and Community Facilities	1,075,400	1,499,440	424,040	532,420	(108,380)
Financing Adjustment	2,320,670	1,748,730	(571,940)	0	(571,940)
Internal Drainage Boards	3,009,220	3,009,220	0	0	0
Borough Spend	21,028,070	20,804,306	(223,764)	864,220	(1,087,984)
Contributions to/(from) General Fund Balance	526,990	750,754	223,764	(864,220)	1,087,984
Borough Requirement	21,555,060	21,555,060	0	0	0
Revenue Support Grant	(647,530)	(647,530)	0	0	0
Rural Service Delivery Grant	(485,690)	(485,690)	0	0	0

P7 Forecast Outturn Position	Budget Agreed by Council 23 February 2022	Budgetary Control Monitoring Report January 2022/2023	Report Variance (Budget to January 2023)	Report Variance (Budget to October 2022)	Movement Pd7 to Pd10
New Homes Bonus	(589,610)	(589,610)	0	0	0
Other Government Grants	(629,760)	(629,760)	0	0	0
Business Rates Retention Additional Funding	(7,888,830)	(7,888,830)	0	0	0
Business Rates Renewable Energy	(2,811,280)	(2,811,280)	0	0	0
Contribution from Business Rate Reserves	(552,090)	(552,090)	0	0	0
Business Rates Pool – Council Share	(592,870)	(592,870)	0	0	0
Collection Fund	(25,000)	(25,000)	0	0	0
Council Tax	(7,332,400)	(7,332,400)	0	0	0
Total Funding	(21,555,060)	(21,555,060)	0	0	0
Funding Position	0	(0)	0	0	0

2.3 Turnover Savings

The Turnover Saving Target is the savings anticipated from a service's ability to hold a position vacant for a short time following an employee leaving. Savings in some posts cannot be achieved due to the critical need to have that post filled promptly to maintain timely service provision. As a result, savings are offset by cost of temporary staff, overtime and costs of recruitment.

The budgeted turnover savings for 2022/2023 are (£550,000). Following the decision of the Council on 1 December 2022 to finalise its pay award to its employees, an estimate of its impact on employee costs has been included in this report. As at the 27 January 2023 the Council had 63 vacant posts of which 28 were in active recruitment phases. Of those not in active recruitment phases at the time, there were 35 in total, consisting of 3 covered by agency workers/contractors, 32 on hold pending further instruction from the service. The table below shows these costs and savings. This calculation is based on an estimate for the impact of the cost of living pay award, assumes that the current level of vacant posts will remain similar for the remainder of the financial year and estimates the spend on other costs to the end of the year.

	Budget	Estimate Outturn	Variance
Salaries	18,933,730	17,529,892	(1,403,838)
Provision of Pay Award 2022/2023	457,180	1,178,360	721,180
Recruitment	3,640	136,280	132,640
Consultants Fees	13,260	32,464	19,204
Professional Fees	366,150	430,310	64,160
Agency Fees	279,290	304,252	24,962
Cost Total	20,053,250	19,611,557	(441,693)
Turnover Saving	(550,000)	0	550,000
Net Total	19,503,250	19,611,557	108,307

The costs above include the estimated costs of the:-

- The majority of the Cost of Living Pay award is currently included, with a drawdown of £108,307 from reserves.
- Bio-diversity Task Group £37k agreed at Cabinet 15 March 2022
- Tourism Working Group £20k agreed at Regeneration and Development Panel 8 November 2022
- Resource costs to manage and deliver funds and grants in respect of the Rural England Prosperity Fund £80k

2.4 Opportunities/Risks

2.4.1 This report includes £463,840 additional forecast spend as a result of increasing costs for gas and electricity utilities. This reflects a review of usage volumes and increasing unit costs for around 60 sites and the increase in part is due to an increase in consumption, particularly for water, reflecting an increasing return to pre-pandemic consumption levels. The Council is eligible for protection against increases beyond the capped unit price, set by Government, for gas and electricity for the period 1 October 2022 and 31 March 2023. When setting the Electricity and Gas budgets for 2022/2023 the Council increased budgets by 10% and 12% respectively. The Council's purchase of gas is mitigated further through a future purchase model that means that future commitments are made at lower rates prevalent at the time. In relation to the heat pump project, the expectation is that there will be an increase in running costs over the short-medium term, but with gas prices having increased, the heat pumps are expected to be cheaper to run than the conventional gas-fired plant.

2.4.2 The table shows the movements in estimated forecast for Gas and Electricity by service area.

Service	Movements previously reported £	Movements this period £	Cumulative Movements to date £
Programme and Project Delivery	2,290	4,700	6,990
Environment and Planning	2,800		2,800
Operations and Commercial	249,540	(20,300)	229,240
Property and Projects	157,630	(52,300)	105,330
Regeneration, Housing and Place	1,780		1,780
Leisure and Community Facilities	50,430	67,270	117,700
Total	464,470	(630)	463,840

2.4.3 Vehicle fuel costs in July 2022 were 49.7% higher than at the same time in the previous year. It is not known at this stage if prices will remain at these high levels and therefore an estimated increase of 36% over 2021/22 actuals has been assumed at this point in time, to reflect a decrease in prices as the year progresses, which will be kept under review. This is an estimated increase of £50,000 above 2022/2023 budgeted spend.

2.4.4 In relation to fees and charges forecasts are based on actuals to date, the position shows that service income is back to pre-pandemic levels for budgeted income. There has been a change in demand where Town Centre Car Parking is below Pre-pandemic levels, but this reduction is offset by an increase in Resort Car Parking. This continues to be monitored along with a review in preparation of the 2022-2027 Financial Plan with consideration to the impact of inflation on service provision and asset maintenance costs.

2.4.5 The Housing Options Service has had significantly higher than budgeted demand for temporary accommodation. Reflecting the impact from the increasing cost of living on individuals in the Borough. The net costs above budget are an additional pressure of £151k. These costs can be fully offset by a contribution from Housing Options - Homeless Reduction Reserve. An analysis of housing grants received in-year is also being undertaken at year-end to ensure these are used where appropriate to reduce this additional cost.

2.4.6 In this period a review has been undertaken of budgeted revenue contributions towards capital items. the movement this period is summarised in the table below. Direct revenue funding of the capital programme is used to funded parts of the Capital Programme for assets that have a replacement lifecycle of 5 to 10 years or less and are portable (not fixed in pace). In many cases the movement reflects a rephasing of the planned replacement for the asset more detail is provided in Appendix A.

Service	Movements this period £
Community & Partnerships	(18,820)
Environment & Planning	1,420
Operations & Commercial	(79,510)
Property & Projects	(11,640)
Leisure & Community Facilities	(106,120)
Financing Requirement	(31,940)
Grand Total	(246,610)

3. Capital

3.1 The Capital Programme 2022/2023 original budget of £64,853,540 was approved at Council on 23 February 2022. This figure has been revised to £35,016,370, as reported to Cabinet at its meeting on 7 February 2023, to incorporate amounts rephased from the 2022/2023 Capital outturn. The Capital Budget has been significantly reviewed in the preparation of this report and the budget has been revised for 2022/2023 by £33,617,700 to £35,016,370. The reduction in budget has been re-profiled to future years. The below table reports the revised budget for 2022/2023 and actual spend.

3.2 Capital Budget and Spend 2022/2023.

Capital Expenditure	Revised Budget (Estimates Cabinet 7th February)	January Budget Movement	Revised Budget January 2022/2023	Note	Actual as at 31st Jan 2023	Spend Percentage
	£	£	£		£	%
Major Projects	21,350,500	(1,600,000)	19,750,500	1	12,552,215	64%
Community and Partnerships	2,453,830	0	2,453,830		1,734,234	71%
Resources	383,460	0	383,460		100,425	26%
Programme and Projects	301,400	0	301,400		100,501	33%
Property and Projects	329,810	0	329,810		205,114	62%
Operational and Commercial Services	1,253,830	0	1,253,830		319,602	25%
Leisure and Community Facilities	856,740	0	856,740		211,997	25%
Central Services	0	0	0		0	-
Total Excluding Exempt	26,929,570	(1,600,000)	25,329,570		15,224,088	60%
Exempt Schemes	8,086,800	0	8,086,800		3,673,667	45%
Total Including Exempt	35,016,370	(1,600,000)	33,416,370		18,897,755	57%

3.2.2 Notes to Capital Budget Revisions and Movement table

Major Projects: Overall the Budgets have been reprofiled by £1,600,000 into 2023/24 for the following Projects:

- Enterprise Zone Infrastructure £1,000,000, delays in delivery. Now expected to be completed three months into next financial year i.e. July 2023
- Town Deal in total £400k, a number of projects have been reprofiled and all have Business Cases signed off by Department of Levelling Up Housing and Communities (DLUHC) i.e. Public Realm £100k, Guildhall £200k Riverfront Regeneration £100k
- NORA Remediation – reprofiled by £200k as currently not required in this financial year.

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 As reported to Council in February 2022, the budget set out an estimated contribution to the General Fund Reserve of £526,990. The position is now a contribution to reserves of £666,640, 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	2022/2023 £
Balance brought forward 1 April 2022	8,983,760
Estimated contribution to/(from) Balances	750,754
Projected General Fund Balance 31 March 2023	9,734,514

4.3 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 not concluded and a possible outcome could result in a financial adjustment to the accounts which require further drawdown from the general fund balance

4.4 The General Fund Balance is held at a higher level than it might normally be, enabling provision for a planned and measured response to the reduction in grant funding that is estimated to 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.

4.5 The table below shows the reserves balances based on actual spending and budgeted spend in the year. The opening balance is as per the Revenue Outturn report reported to Cabinet at its meeting 2 August 2022. Following further accounting movements in compilation of the Council's draft Statement of Accounts for 2021/2022 published 1 August 2022. The Policy on Earmarked Reserves and General Fund Working Balance was considered and approved by Cabinet at its meeting of 7 February 2023. These limits are updated in Appendix C to this report.

Reserves	Opening balance 1 April 2022	Budgeted movements (To)/From Revenue	Capital Transfers	In year movements (To)/From Revenue	Note	Forecast Outturn Balance 31 March 2023
Ring Fenced Reserves						
Amenity Areas	(2,350)			0		(2,350)
Capital Programme Resources	(782,702)	(4,480)		0		(787,182)
Collection Fund Adjustment Reserve	(10,692,516)	0		552,090	1	(10,140,426)
Grants Reserves	(2,600,139)	5,850		129,213	2	(2,465,076)
Holding Accounts	(116,765)			(3,000)	3	(119,765)
Other	(166,064)			0		(166,064)
Planning Reserves	(436,079)	64,330		(34,000)	4	(405,749)
Repairs and Renewal Reserves	(608,782)	29,850		41,500	5	(537,432)
Ring Fenced Reserves	(3,622,807)	(2,395,620)		(7,000)	6	(6,025,427)
Educational Skills Attainment	(878,979)	227,500		(162,500)	7	(813,979)
Sub Total	(19,907,183)	(2,072,570)	0	516,303		(21,463,450)
Risk Management						
Capital Programme	(71,324)			0		(71,324)
Holding Accounts	(109,616)			0		(109,616)
Insurance	(225,661)	(10,000)		0		(235,661)
Planning Reserves	(25,410)			0		(25,410)
Ring Fenced Reserves	(50,000)			0		(50,000)
Sub Total	(482,010)	(10,000)	0	0		(492,010)
Service Delivery						
Capital Programme Resources	(4,716,049)	(346,360)	1,838,490	95,610	8	(3,128,309)
Climate Change Strategy	(1,246,482)	313,160		0		(933,322)
Grants Reserves	(2,015,842)	(37,000)		62,000	9	(1,990,842)
Holding Accounts	(1,878,538)	(20,000)		37,180	10	(1,861,358)

Reserves	Opening balance 1 April 2022	Budgeted movements (To)/From Revenue	Capital Transfers	In year movements (To)/From Revenue	Note	Forecast Outturn Balance 31 March 2023
Ukrainian Community Support	(7,000)			0		(7,000)
Internal Audit Services	(3,770)			0		(3,770)
Planning Reserves	(86,249)	126,980		0		40,731
Project Reserves	(3,864,687)		114,000	40,000	11	(3,710,687)
Repairs and Renewal Reserves	(1,303,008)	(23,050)	477,410	104,780	12	(743,868)
Restructuring Reserve	(484,200)			0		(484,200)
Ring Fenced Reserves	(310,512)	(10,000)		12,960	13	(307,552)
Sub Total	(15,916,339)	3,730	2,429,900	352,530		(13,130,179)
Grand Total	(36,305,532)	(2,078,840)	2,429,900	868,833		(35,085,639)

4.6 Notes to Reserves budget revisions and movements

Ring Fenced Reserves

Note 1 Collection Fund Adjustment Reserve – Increased contribution from reserve for NNDR £552,090 based on estimated outturn for 2021/2022.

Note 2 Grants Reserves - £65,522 Revenue and Benefits overtime from New Burdens Funding, £99,602 contribution from new Burdens to pick up Community Projects, £7,361 for Northgate Single Person Discount compliance review, £3,662 for ICT hardware/software and £2,670 Omicron Grant Spend. £33,900 budgeted transfer estimated but not required to reserves for collection of rent deposits. £1,177 for Eastlaw costs in relation to Housing. (£84,681) contribution to New Burdens Fund for Energy Rebate.

Note 3 Holding Accounts – (£3,000) to new reserve for Norfolk Climate Change Partnership.

Note 4 Planning – reduce contribution from planning income (£34,000)

Note 5 Repair and Renewal Reserve - £21,500 District Direct Grant balance drawdown for Home Improvement Agency for Care and Repair. Contribution from reserve of £20,000 funding for Lily 5 carry forward from 2021-22 drawdown from reserves.

Note 6 Ring Fenced Reserves – Contribution to reserves of (£7,000) from lottery West Norfolk Wins.

Note 7 Educational Skills Attainment – (£212,500) reduced drawdown from reserves for Corporate but £50,000 from reserves to cover improving attainment.

Service Delivery

Note 8 Capital Programme Resources –£20,000 for additional licence costs for ICT, £4,750 bakery wall repair cost, £55,000 contribution towards Summer of Play costs, Furniture Hire Contributions to reserves (£16,740). £28,820 Agency Costs for Support in Financial Services, (£23,000) Additional Income from Heacham Car Park Income, £126,780 VAT reclaim from last year moved from reserve

into revenue, £80,000 contribution from Careline removed due to reduced levels of income, (£100,000) contribution to reserves from Dry Box Collection Scheme to help fund future Depot works. Drawdown of (£250,000) for Technology and Other Equipment provision no longer being actioned, £170,000 drawn down from reserves for Town Hall repairs.

Note 9 Grants Reserve - £37,000 no longer to be transferred to Neighbourhood Planning Reserve as no surplus generated in 2022-23 plus a drawdown of £25,000 to cover increase agency costs.

Note 10 Holding Accounts - £37,180 from Events reserve towards HM Jubilee costs.

Note 11 Project Reserves - £20,000 for car park promotions and £20,000 for Hunstanton Advisory Group.

Note 12 Repairs and Renewals Reserve - £51,540 for compact cooler at crematorium, £23,240 for painting at resort seafront and £30,000 for essential repair at Putting and Crazy Golf Pavillion.

Note 13 Ring Fenced Reserves - £12,960 Community Safety & Nuisance, Cost of Norsonics (noise monitoring Equipment).

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. Debt recovery levels have been and continue to be affected by the Pandemic and inflation. Debt recovery activity will be kept under heightened review to ensure resources are focussed on reducing debt levels and further comparators for debt recovery action will be added to future Monitoring Reports.

5.2 The following information can be found in Appendix D

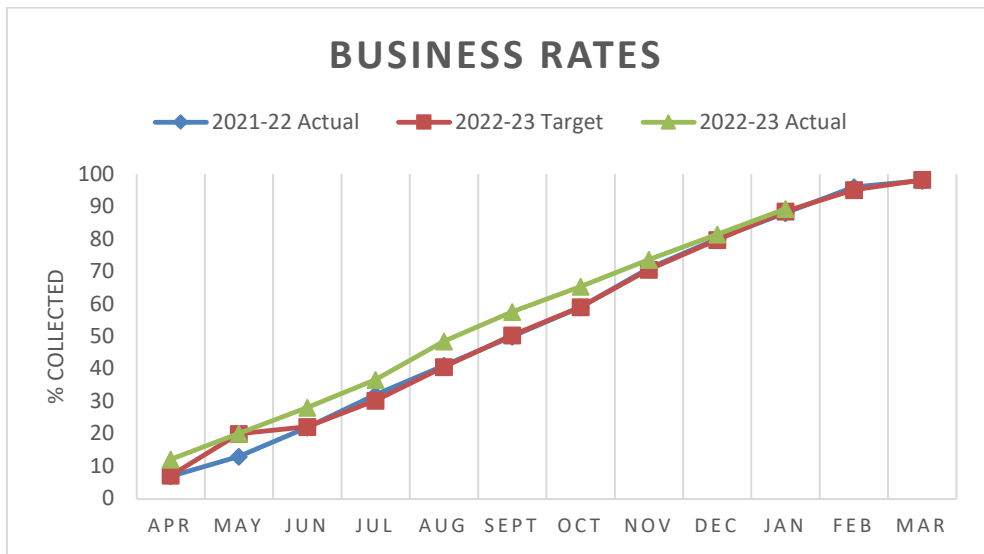
- Overdue Debtor Income by Customer Group
- Age debt movement between current and previous period
- Housing Benefit Recovery Payments

6. Council Tax and Business Rates

6.1 As of 31 January 2023 92.22% of council tax has been collected against the target of 92.25%. See Chart below with comparison to 2021/22 actuals. The pressures from the increased cost of living on individuals and business are increasingly apparent in customer contract activity but had not impacted collection rates at the end of September 2022.



6.2 89.32% of business rates has been collected against the target of 88.48%, as of 31 January 2023. See chart below with comparison to 2021/22 actuals.

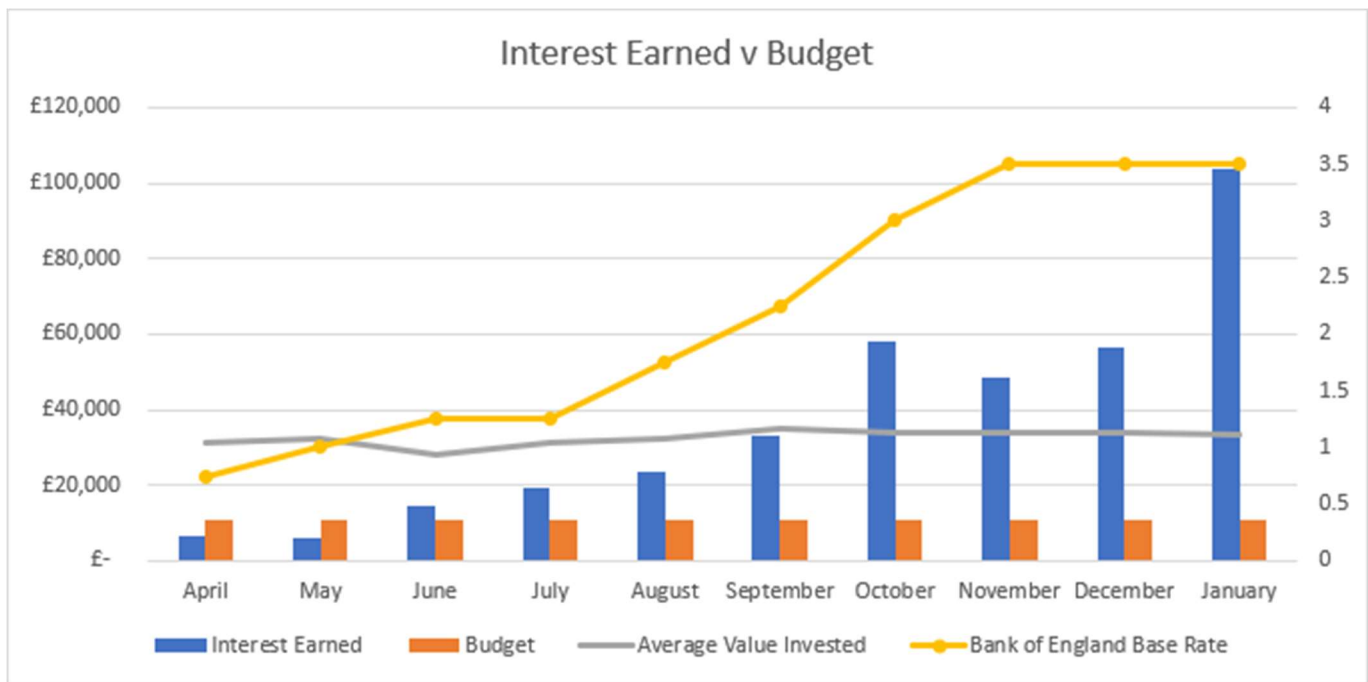


7. Treasury Management 2022/2023

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 graph below compares the average interest earned each month to the forecasted budget. The budget is shown on an even twelfth/straight-line basis. Also shown is the bank interest rate for April 2022 to January 2023.

The average value invested each month is displayed.



- 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 31 January 2023
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 %
Aberdeen Standard - MMF	3,990,000	3.400%
BNP (Banque Nationale de Paris) – MMF	4,000,000	3.480%
Federated PR – MMF	4,000,000	3.395%
HSBC Sterling – MMF	4,000,000	3.425%
LGIM - MMF	1,680,000	3.331%
Total Money Market Fund Investment	17,670,000	
Barclays FIBCA	4,000,000	3.350%
Landesbank Hessen-Thuringen Girozentrale (Heleba)	4,000,000	3.450%
Lancashire County Council	4,000,000	2.100%
North Lanarkshire Council	4,000,000	1.970%
Total Other Investments	16,000,000	
Overall Investments	33,670,000	

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.