



The Budget 2023/2024

Monitoring Report

30 June 2023

Michelle Drewery
Assistant Director Resources
Section 151 Officer

The Budget 2023/2024

Monitoring Report – 30 June 2023 – Period 3

Summary

The budget for 2023/2024 was presented to Cabinet on 8th February 2023 and approved by Council on 23rd February 2023 in accordance with the process for approving the financial plan 2022/2027.

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. 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 2023/2024.

The council is currently estimating a contribution from the General Fund Reserves of £2,437,599, an favourable movement of £203,921 against a budgeted transfer of £2,641,520 increasing the estimated balance as at 31st March 2024 to £9,848,480.

	Original Budget 2023/24 £	Forecast 30 June 2023 £	Variance Pd3 £
Borough Spend	24,929,220	24,930,750	1,530
Financing	(22,287,700)	(22,493,151)	(205,451)
Contributions to/(from) General Fund Balance	(2,641,520)	(2,437,599)	203,921

The Capital Programme 2022/2027 was updated at Council on 23rd February 2023. The current spend is £4,983,766 against a revised budget of £66,691,310. 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 2023/2024 budget, incorporating key financial risks, issues, and opportunities since 1 April 2023 for revenue and capital. The year-end forecasts are based on actual income and expenditure from 1 April 2023 to 30 June 2023.

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 and Appendix C
- Council Tax and Business Rates Collection– Section 6
- Treasury – Section 7

2. Revenue Budget 2023/2024

2.1 Budget Summary

2.2 A summary of the budget position as of 30 June 2023 is shown below. A summary is shown in Appendix A of the movements.

	P3 Forecast Outturn Position		
P3 Forecast Outturn Position	Budget Agreed by Council 23 February 2023	Budgetary Control Monitoring Report June 2023/2024	Report Variance (Budget to June 2023)
Service	£	£	£
Central Services	3,439,690	3,474,690	35,000
Health Wellbeing and Public Protection	817,860	812,830	(5,030)
Programme and Project Delivery	(448,360)	(412,970)	35,390
Legal	668,300	504,700	(163,600)
Environment and Planning	1,856,770	1,868,800	12,030
Operations and Commercial	2,933,510	2,950,130	16,620
Property and Projects	(839,850)	(826,360)	13,490
Regeneration Housing & Place	912,730	911,030	(1,700)
Resources	8,829,610	8,888,940	59,330
Chief Executive	162,720	162,720	0
Leisure and Community Facilities	2,005,440	2,005,440	0
Financing Adjustment	1,343,670	1,343,670	0
Internal Drainage Boards	3,247,130	3,247,130	0
Borough Spend	24,929,220	24,930,750	1,530

P3 Forecast Outturn Position	Budget Agreed by Council 23 February 2023	Budgetary Control Monitoring Report June 2023/2024	Report Variance (Budget to June 2023)
Contributions to/(from) General Fund Balance	(2,641,520)	(2,437,599)	203,921
Borough Requirement	22,287,700	22,493,151	205,451
Revenue Support Grant	(952,100)	(952,100)	0
Rural Service Delivery Grant	(542,830)	(542,830)	0
New Homes Bonus	(14,560)	(14,560)	0
Other Government Grants	(1,086,880)	(1,292,331)	(205,451)
Business Rates	(12,068,520)	(12,068,520)	0
Council Tax	(7,622,810)	(7,622,810)	0
Total Funding	(22,287,700)	(22,493,151)	(205,451)
Funding Position	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 2023/2024 are (£1,000,000). At this point in the financial year, it is difficult to give an update on the impact of the pay award. See comment below in paragraph 2.4.1.

2.4 Opportunities/Risks

- 2.4.1** Proposals for this year's cost-of-living pay award are to be reported to cabinet on 1 August 2023 followed by Council on 24 August for consideration. If approved pay will be backdated to April 2023.
- 2.4.2** The impact of inflation on utilities and fuel continues to be monitored. The price per litre of vehicle fuel has decreased during quarter 1, and heightened monitoring is with service managers to assess the impact of inflation and seasonal variations on vehicle budgets.
- 2.4.3** The impact of increased interest rates and the cost-of-living crisis creates an environment of continuing uncertainty. This may affect service demand for supporting the vulnerable in services such as Housing Strategy and Lily. Cost for supplies of utilities and other property running costs may see increased costs. Income may also be impacted from changes in demand for town and country planning related services. Monitoring in collaboration with service managers continues in order to assess the impact.
- 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, this continues to be monitored.

2.5 Grants

Additional grant funded has been distributed from DLUHC for Internal Drainage Board levies to help the increase in IDB levies due to the unprecedented rising in energy costs. £205,451 has been paid to King's Lynn and West Norfolk as a one-off recognition of the difficult circumstances affecting local authorities.

3. Capital

3.1 The Capital Programme 2023/2024 original budget of £59,869,790 was approved at Council on 23 February 2023. The 2022/2023 outturn report to Cabinet on 2 August 2023 proposed rephrasing and amendments to budget of £6,801,520, resulting in a revised budget of £66,671,310. The below table reports the revised budget for 2023/2024 and actual spend.

3.2 Capital Budget and Spend 2023/2024

Capital Expenditure	2023/2024 Budget (Cabinet 1st August 2023)	June Budget Movement	Revised Budget Jun 2023/2024	Actual as at 30th June 2023	Spend Percentage
	£	£	£	£	%
Major Projects	51,129,190	20,000	51,149,190	3,607,807	7%
Community and Partnerships	2,324,130	0	2,324,130	524,590	23%
Resources	396,710	0	396,710	13,724	3%
Programme and Projects	200,000	0	200,000		0%
Property and Projects	308,500	0	308,500	0	0%
Operational and Commercial Services	2,835,080	0	2,835,080	281,242	10%
Leisure and Community Facilities	1,176,180	0	1,176,180	556,421	47%
Total Excluding Exempt	58,369,790	20,000	58,389,790	4,983,786	8%
Exempt Schemes	8,301,520	0	8,301,520	0	1%
Total Including Exempt	66,671,310	20,000	66,691,310	4,983,786	7%

3.3. Notes to Capital Budget Revisions and Movement table.

£20,000 has been added to the capital programme for Baxter's Plain Public Realm Feasibility Study. The project cost is £40,000, £20,000 of which is already included in the programme and funded from

the UK Shard Prosperity Fund, the additional £20,000 is fully funded by grants, £10,000 from Norfolk County Council and £10,000 from the Business Rates Pool.

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.
- To set aside funding for anticipated investment or projects
- 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 2023, the budget set out an estimated contribution from the General Fund Reserve of £2,641,520. The position is now a contribution from reserves of £2,437,599 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 2023	9,644,559
Estimated contribution to/(from) Balances	203,921
Projected General Fund Balance 31 March 2024	9,848,480

4.3 The projected balance for 2023/2024 remains above the minimum level of £1,114,390 required of the Council. However, it should be noted that the audit for the financial statements of 2019/2020, 2020/2021 and 2021/2022 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 1 August 2023. The Policy on Earmarked Reserves and General Fund Working Balance was considered and approved by Cabinet at its meeting of 7 February 2023.

Reserves	Opening balance 1 April 2023	Budgeted movements To/(From) Revenue	Capital Transfers	In year movements To/(From) Revenue	Note	Forecast Outturn Balance 31 March 2024
Ring Fenced Reserves						
Amenity Areas	(35,934)			0		(35,934)

Reserves	Opening balance 1 April 2023	Budgeted movements To/(From) Revenue	Capital Transfers	In year movements To/(From) Revenue	Note	Forecast Outturn Balance 31 March 2024
Capital Programme Resources	(797,195)	520	120,000	0		(676,675)
Collection Fund Adjustment Reserve	(6,552,387)	41,460		0		(6,510,927)
Grants Reserves	(2,582,908)			9,500	1	(2,573,408)
Holding Accounts	(80,801)			(36,296)	2	(117,097)
Other	(128,688)	(90,000)		0		(218,688)
Planning Reserves	(417,332)	(235,940)		0		(653,272)
Repairs and Renewal Reserves	(562,242)	(1,200)		0		(563,442)
Ring Fenced Reserves	(3,884,531)	(2,047,420)		(2,930)	3	(5,934,881)
Educational Skills Attainment	(677,445)	227,500		0		(449,945)
Sub Total	(15,719,463)	(2,105,080)	120,000	(29,726)		(17,734,269)
Risk Management						
Capital Programme	(71,324)			0		(71,324)
Holding Accounts	(109,616)			0		(109,616)
Insurance	(201,570)			0		(201,570)
Planning Reserves	(25,410)			0		(25,410)
Ring Fenced Reserves	(50,000)			0		(50,000)
Sub Total	(457,920)	0	0	0		(457,920)
Service Delivery						
Capital Programme Resources	(4,627,939)	232,480	1,641,390	5,000	4	(2,749,069)
Climate Change Strategy	(1,094,789)	272,000		0		(822,789)
Grants Reserves	(1,979,448)	(10,000)	1,546,000	0		(443,448)
Holding Accounts	(2,737,490)	(10,000)		11,000	5	(2,736,490)
Ukrainian Community Support	(7,000)			0		(7,000)
Planning Reserves	(0)	36,180		0		36,180
Project Reserves	(4,308,839)		229,000	65,000	6	(4,014,839)
Repairs and Renewal Reserves	(1,272,411)	(13,680)	1,069,550	30,000	7	(186,541)
Restructuring Reserve	(300,000)			0		(300,000)
Ring Fenced Reserves	(301,057)			0		(301,057)
Sub Total	(16,628,974)	506,980	4,485,940	111,000		(11,525,054)
Grand Total	(32,806,357)	(1,598,100)	4,605,940	81,274		(29,717,243)

4.6 The table shows various movements to the reserves in year. These are explained as follows:

Budgeted Movements to/from reserves total £1,598,100 – this is where there are approved revenue budgets which either contribute funds to reserves for future drawdown for specific purposes which could include projects in the capital programme or drawdown reserve funding to contribute to revenue budgets for certain purposes such as election costs every four years

Capital transfers total £4,605,049 – This is where funds have been transferred to capital projects in year.

In year movements to/from revenue total £81,274 – these are movements to and from reserves which were not budgeted for. Further explanation is provided in the following notes (as referenced in the above table):

Note 1 Grants Reserve – £9,500 contribution from New Burdens grant for Council Tax Digital Applications Software renewal

Note 2 Holding Account – The balance from Discovery Funding, £36,296 to be ringfenced towards Norfolk Community Foundation grant scheme.

Note 3 Ring Fenced Grants - £2,930 adjustment to Community Infrastructure Levy reserve in order to balance to zero. Budget correction identified as part of year-end closedown 2022/2023.

Service Delivery

Note 4 Capital Programme - £5,000 drawdown from reserves for expanding the Breckland CCTV. Once expanded the existing revenue budget can accommodate the additional monitoring.

Note 5 Holding Accounts - £11,000 drawdown from reserves for training identified for delivery in 2023/2024

Note 6 Project Reserves - £45,000 drawdown for defibrillator scheme, £20,000 for Hunstanton Advisory Group agreed previously with Cabinet.

Note 7 Repairs and Renewals - £30,000 drawdown from Resort reserve for repairs to crazy golf and putting pavilions, following condition review, reflecting weathering over the inclement months.

5. Age Debt Analysis

5.1 The effective management and collection of debt is an essential contributor to the councils' financial resources. Debt recovery levels previously been at from uncertainty created under the Pandemic and continue to be at risk of uncertainty from inflation. Current monitoring is not indicating a material impact on debts in arrears.

5.2 The following information can be found in Appendix C

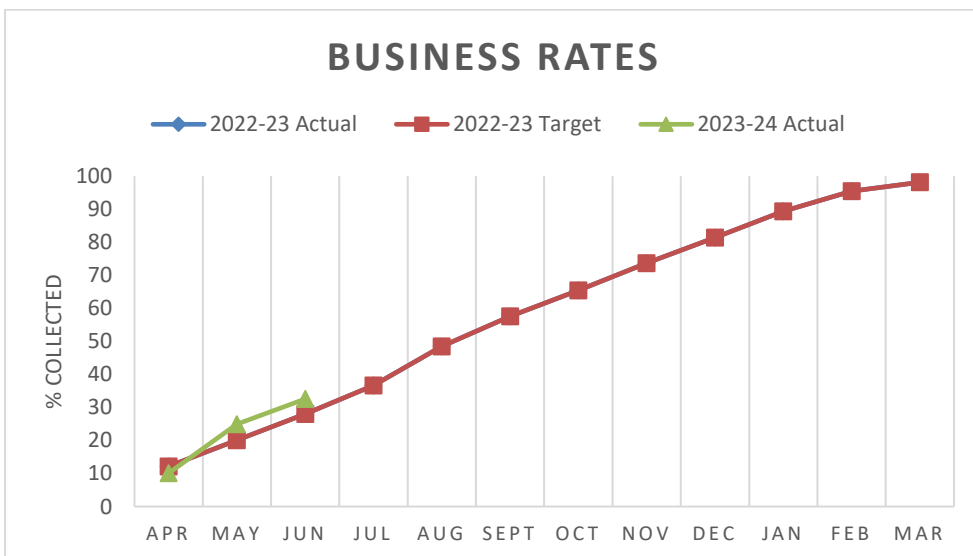
- Age debt comparison for 2022-23 to 2023-24 as at 30 June 2023
- Housing Benefit Recovery Payments

6. Council Tax and Business Rates

6.1 As of 30 June 2023 28.97% of council tax has been collected against the target of 28.52% which was the percentage the same time last year. See Chart below with comparison.

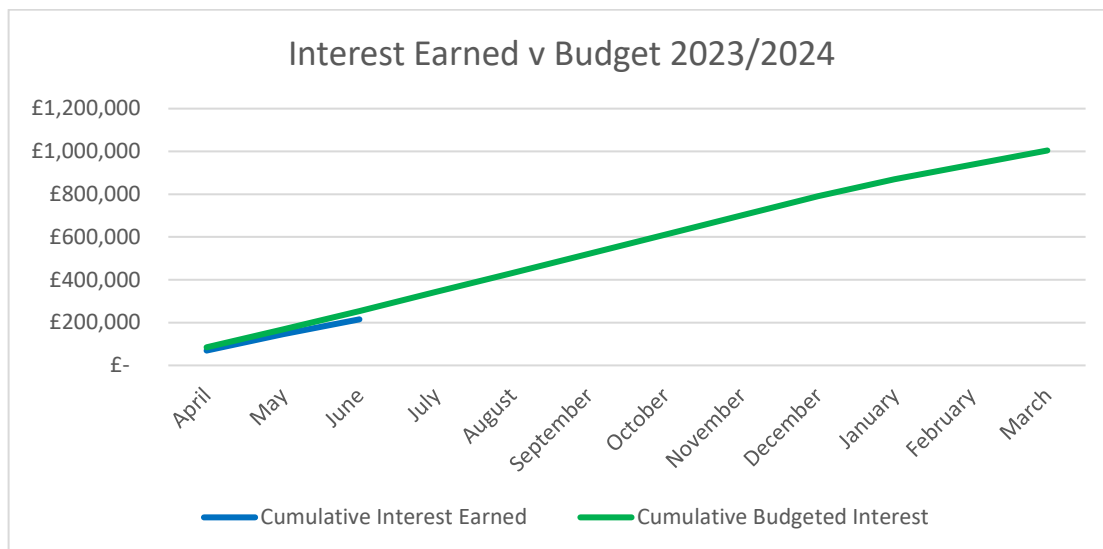


6.2 32.56% of business rates has been collected against the target of 28.06%, which was the percentage the same time last year. See chart below with comparison.

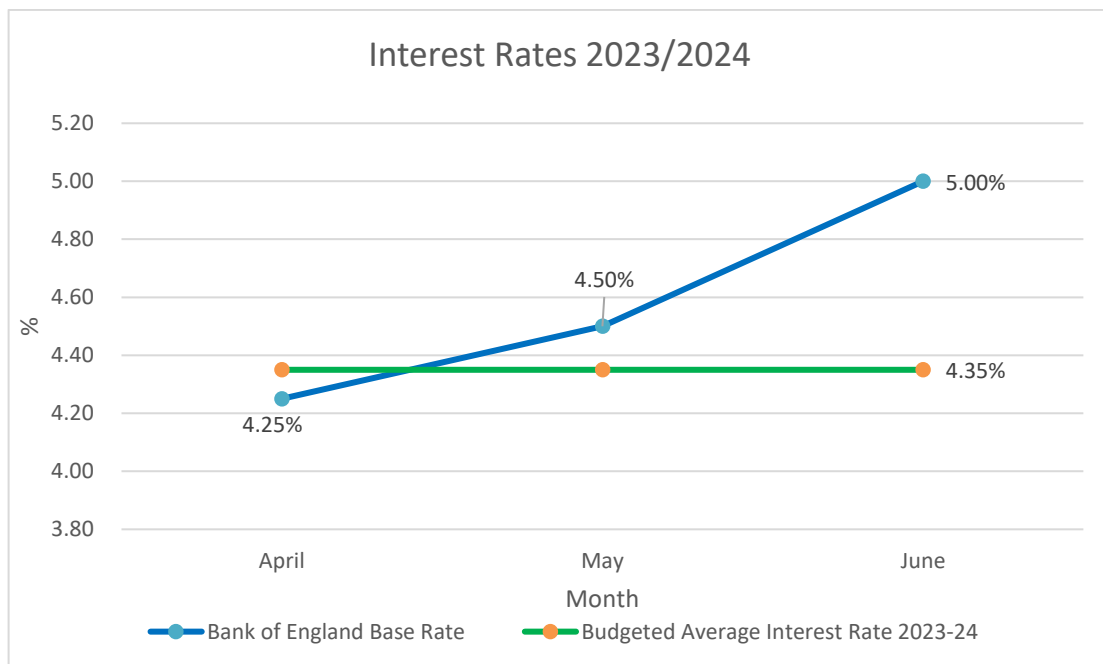


7. Treasury Management 2023/2024

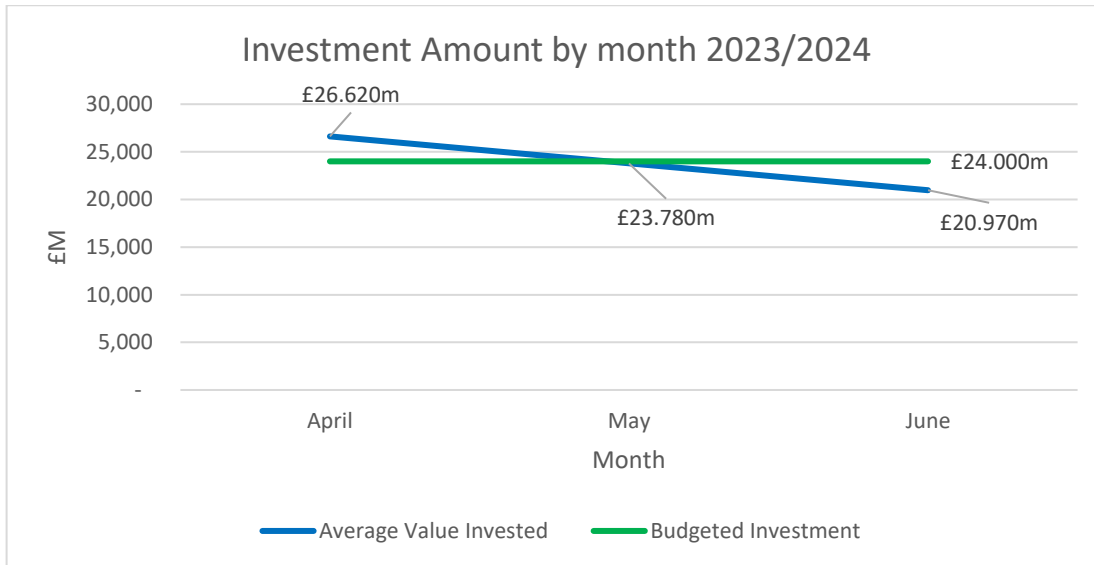
- 7.1 The “Treasury Management Strategy Statement and Annual Investment Strategy 2023/2024” was approved by Council on 7 February 2023. The Council’s Treasury Management Strategy will be updated as appropriate for any changes made to the code of practice by CIPFA.
- 7.2 The first graph below compares the cumulative interest earned each month to the forecast budgeted interest for the period. The performance for return on cash investments is below budget (£215,166 against the forecast budget of £253,470) but this is a reflection on the value invested.



The following graph shows the bank interest rates for April 2023 to June 2023 which vary from our estimated budget interest rates. As these have increased more than original anticipated due to the current economic crisis.



The following graph shows the level of funds invested each month against the budgeted investment of £24m:



Whilst the above graph shows the average amount invested during the month of June was £20.97m, the closing balance at 30 June was £16.45m which generated an average interest rate return of 3.94%

- 7.3 The monitoring report includes prudential indicators, updates on movements in borrowing and investments during the period.

Prudential Indicators

Indicator	Original Limit 2023/2024	Actual Borrowing 30 June 2023
Operational Boundary (Limit of borrowing)	£86m	£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	1,650,000	4.790%
HSBC Sterling – MMF	2,800,000	4.800%
Total Money Market Fund Investment	4,450,000	
Handelsbanken	4,000,000	1.150%
Landesbank Hessen-Thuringen Girozentrale (Heleba)	4,000,000	4.920%
Lancashire County Council	4,000,000	2.100%
Total Other Investments	12,000,000	
Overall Investments	16,450,000	

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.