



The Budget 2023/2024

Monitoring Report

30 September 2023 – Quarter 2

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Section 151 Officer

The Budget 2023/2024

Monitoring Report – 30 September 2023 – Quarter 2

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 £3,145,269, an adverse movement of £503,749 against a budgeted transfer of £2,641,520 decreasing the estimated balance as at 31st March 2024 to £6,499,290.

| | Original Budget 2023/24 £ | Forecast 30 September 2023 £ | Variance Pd6 £ |
|--|--------------------------------------|---|---------------------------|
| Borough Spend | 24,929,220 | 25,638,420 | 709,200 |
| Financing | (22,287,700) | (22,493,151) | (205,451) |
| Contributions to/(from) General Fund Balance | 2,641,520 | 3,145,269 | 503,749 |

The Capital Programme 2022/2027 was updated at Council on 23rd February 2023 and has since been reviewed with officers. The current spend is £12,752,906 against a revised budget of £35,979,640. The Council's Member Major Projects Board holds meetings throughout the year to monitor and receive updates for these projects. See section 3 of report for further detail on 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 September 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

2.1.1 A summary of the budget position as of 30 September 2023 is shown below. Further detail of the movements can be seen in Appendix A.

| | P6 Forecast Outturn Position | | |
|--|---|---|--|
| P3 Forecast Outturn Position | Budget Agreed by Council 23 February 2023 | Budgetary Control Monitoring Report September 2023/2024 | Report Variance (Budget to September 2023) |
| Service | £ | £ | £ |
| Central Services | 3,439,690 | 3,504,580 | 64,890 |
| Health Wellbeing and Public Protection | 817,860 | 800,200 | (17,660) |
| Programme and Project Delivery | (448,360) | (251,270) | 197,090 |
| Legal | 668,300 | 536,120 | (132,180) |
| Environment and Planning | 1,856,770 | 2,342,110 | 485,340 |
| Operations and Commercial | 2,933,510 | 2,792,260 | (141,250) |
| Property and Projects | (839,850) | (896,640) | (56,790) |
| Regeneration Housing & Place | 912,730 | 913,410 | 680 |
| Resources | 8,829,610 | 8,823,860 | (5,750) |
| Chief Executive | 162,720 | 162,720 | 0 |
| Leisure and Community Facilities | 2,005,440 | 2,320,270 | 314,830 |
| Financing Adjustment | 1,343,670 | 1,343,670 | 0 |
| Internal Drainage Boards | 3,247,130 | 3,247,130 | 0 |
| Borough Spend | 24,929,220 | 25,638,420 | 709,200 |
| | | | |
| Contributions to/(from) General Fund Balance | (2,641,520) | (3,145,269) | (503,749) |
| | | | |
| Borough Requirement | 22,287,700 | 22,493,151 | 205,451 |
| | | | |

| | P6 Forecast Outturn Position | | |
|------------------------------|---|---|--|
| P3 Forecast Outturn Position | Budget Agreed by Council 23 February 2023 | Budgetary Control Monitoring Report September 2023/2024 | Report Variance (Budget to September 2023) |
| 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. Cabinet (2 August) and Council (24 August) approved the cost of living pay award, which included £860k provision from reserves to fund the costs. At this stage of the year assumptions for recruitment to vacant posts has to be estimated for the final half of the year along with the impact for reliance on costs of backfilling those vacant posts. With consideration to estimating those costs it is anticipated that the Council will meet the turnover savings target, as set out below, with use of £310k from reserves that were approved to fund the pay award.

In a report to Cabinet 21 June 2022, it was approved that the cost of additional posts in the Development Management Team would be funded from additional income from Planning Fee income. It was expected that Government would increase Planning Fees for effect in 2023/2024, this now seems likely to take effect only from quarter 4. As a result planning fee income is less than budgeted, but so also are staff costs. The staffing savings are therefore offset against the reduced Planning Fee income rather than contributing to the staff turnover savings target.

| | |
|--|-------------------|
| Direct Employee costs | £ |
| Estimated costs for filled posts as at 30 September | 20,940,590 |
| Assumed costs for vacant post October to March | 673,523 |
| Estimates employee costs | 21,614,113 |
| Recruitment and backfilling costs | |
| Actual Cost of recruitment, agency and overtime April to September | 520,860 |
| Estimated costs October to March | 332,340 |
| Estimated employee support costs | 853,200 |
| Total estimated costs for year | 22,467,313 |
| 2023/2024 Budget | 22,157,520 |
| Estimated use of funding from approved reserves | (309,793) |

2.4 Opportunities/Risks

- 2.4.1** The impact of inflation on utilities and fuel continues to be highly variable. The price per litre of vehicle fuel has significantly increased in quarter 2, and it is yet to be determined how long the cost will remain at these levels. Gas and electricity costs are monitored on the basis of unit costs and trends in consumptions levels adjusted for energy efficiency measures. This will also be impacted by the effect of the winter. Recent years have been mild making volume difficult to predict. This will be reviewed again in quarter 3.
- 2.4.2** 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 Services. 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.
- 2.4.3** 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. The income forecast and related costs for planning fee income has been revised downwards as a result to a delay in an anticipated increase in fees determined by Government and a reduction in the volume of applications.

2.5 Grants

Additional grant funding has been received from DLUHC for Internal Drainage Board levies to support the increase in IDB levies due to the unprecedented rise in energy costs. A sum of £205,451 has been paid to King's Lynn and West Norfolk as a one-off payment in 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 £6,846,520, resulting in a revised budget of £66,716,310. The below table reports the revised budget for 2023/2024 and actual spend.

3.2 Capital Budget and Spend 2023/2024

- 3.2.1** A summary of the position as of 30 September 2023 for the capital programme is shown below. A further breakdown of the capital programme is included at Appendix B.

| Capital Expenditure | 2023/2024 Budget (Cabinet 1st August 2023) | June Budget Movement | September Budget Movement | Revised Budget September 2023/2024 | Actual as at 30th September 2023 | Spend Percentage |
|----------------------------|--|----------------------|---------------------------|------------------------------------|----------------------------------|------------------|
| | £ | £ | £ | £ | £ | % |
| Major Projects | 51,129,190 | 20,000 | (21,609,500) | 29,539,690 | 10,591,261 | 36% |
| Community and Partnerships | 2,324,130 | 0 | (68,890) | 2,255,240 | 1,144,712 | 51% |
| Resources | 396,710 | 0 | (108,740) | 287,970 | 20,108 | 7% |
| Programme and Projects | 200,000 | 0 | 0 | 200,000 | 0 | 0% |

| | | | | | | |
|-------------------------------------|-------------------|---------------|---------------------|-------------------|-------------------|------------|
| Property and Projects | 353,500 | 0 | (250,000) | 103,500 | 0 | 0% |
| Operational and Commercial Services | 2,835,080 | 0 | (937,020) | 1,898,060 | 333,656 | 18% |
| Leisure and Community Facilities | 1,176,180 | 0 | (208,000) | 968,180 | 663,169 | 68% |
| Total Excluding Exempt | 58,414,790 | 20,000 | (23,182,150) | 35,252,640 | 12,752,906 | 36% |
| Exempt Schemes | 8,301,520 | 0 | (7,574,520) | 727,000 | 0 | 0% |
| Total Including Exempt | 66,716,310 | 20,000 | (30,756,670) | 35,979,640 | 12,752,906 | 35% |

3.2.2 Notes to Capital Budget Revisions and Movement table

Property and projects 2023/24 total budget was incorrectly reported in the previous quarter. Whilst the budget for North Promenade Erosion totalling £45k was included on the report, the total did not include this amount. This has since been corrected.

3.2.3 A rephasing and amendment review has taken place to identify projects that are to be rephased into future years. The table above includes amendments/rephasing of £30,756,670 from the current year following the review. The table below sets out how that budget has been reprofiled to future years of the programme.

| Capital Expenditure | Rephased from 2023/24 | Capital Programme Reduced 2023/24 | Capital Programme 2024/25 | Capital Programme 2025/26 | Capital Programme 2026/27 |
|-------------------------------------|-----------------------|-----------------------------------|---------------------------|---------------------------|---------------------------|
| | | | | | £ |
| Major Projects | -21,609,500 | 0 | 13,897,710 | 4,011,980 | 3,699,810 |
| Community and Partnerships | -68,890 | 38,890 | 30,000 | 0 | 0 |
| Resources | -108,740 | 0 | (191,260) | 150,000 | 150,000 |
| Programme and Projects | 0 | 0 | 0 | 0 | 0 |
| Property and Projects | -250,000 | 0 | 250,000 | 0 | 0 |
| Operational and Commercial Services | -937,020 | 185,800 | 489,420 | 261,800 | 0 |
| Leisure and Community Facilities | -208,000 | 198,000 | 10,000 | 0 | 0 |
| Total Excluding Exempt | -23,182,150 | 422,690 | 14,485,870 | 4,423,780 | 3,849,810 |
| Exempt Schemes | -7,574,520 | 0 | 7,574,520 | 0 | 0 |
| Total Including Exempt | -30,756,670 | 422,690 | 22,060,390 | 4,423,780 | 3,849,810 |

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 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 £3,343,359 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 | 2023/2024 £ |
|---|------------------|
| Balance brought forward 1 April 2023 | 9,644,559 |
| Estimated contribution to/(from) Balances | (3,145,269) |
| | |
| Projected General Fund Balance 31 March 2024 | 6,499,290 |

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 through to 2022/2023 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 was included in the outturn position as reported to Cabinet at its meeting on 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 | Revised Opening Balance 1 April 2023 | Budgeted movement 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) | (35,934) | 0 | 0 | 0 | | (35,934) |
| Capital Programme Resources | (797,195) | (797,195) | 520 | 120,000 | 0 | | (676,675) |
| Collection Fund Adjustment Reserve | (6,552,387) | (6,552,387) | 41,460 | 0 | 0 | | (6,510,927) |
| Grants Reserves | (2,582,908) | (2,582,908) | 0 | 0 | (63,285) | 1 | (2,646,193) |
| Holding Accounts | (80,801) | (415,801) | 0 | 0 | 36,300 | 2 | (379,501) |
| Other | (128,688) | (128,688) | (90,000) | 0 | 0 | | (218,688) |
| Planning Reserves | (417,332) | (417,332) | (235,940) | 0 | (246,650) | 3 | (899,922) |
| Repairs and Renewal Reserves | (562,242) | (562,242) | (1,200) | 0 | (18,740) | 4 | (582,182) |
| Ring Fenced Reserves | (3,884,531) | (3,884,531) | (2,047,420) | 0 | (1,867,070) | 5 | (7,799,021) |

| Reserves | Opening balance 1 April 2023 | Revised Opening Balance 1 April 2023 | Budgeted movement To/(From) Revenue | Capital Transfers | In year movements To/(From) Revenue | Note | Forecast Outturn Balance 31 March 2024 |
|-------------------------------|------------------------------|--------------------------------------|-------------------------------------|-------------------|-------------------------------------|------|--|
| Educational Skills Attainment | (677,445) | (677,445) | 227,500 | 0 | 0 | | (449,945) |
| Sub Total | (15,719,463) | (16,054,463) | (2,105,080) | 120,000 | (2,159,445) | | (20,198,988) |
| Risk Management | | | | | | | |
| Capital Programme | (71,324) | (71,324) | 0 | 0 | 0 | | (71,324) |
| Holding Accounts | (109,616) | (109,616) | 0 | 0 | 0 | | (109,616) |
| Insurance | (201,570) | (211,570) | 0 | 0 | 0 | | (211,570) |
| Planning Reserves | (25,410) | (25,410) | 0 | 0 | 0 | | (25,410) |
| Ring Fenced Reserves | (50,000) | (50,000) | 0 | 0 | 0 | | (50,000) |
| Sub Total | (457,920) | (467,920) | 0 | 0 | 0 | | (467,920) |
| Service Delivery | | | | | | | |
| Capital Programme Resources | (4,627,939) | (5,001,979) | 232,480 | 1,641,390 | 24,000 | 6 | (3,104,109) |
| Climate Change Strategy | (1,094,789) | (1,094,789) | 272,000 | 0 | 0 | | (822,789) |
| Grants Reserves | (1,979,448) | (1,979,448) | (10,000) | 1,546,000 | 25,000 | 7 | (418,448) |
| Holding Accounts | (2,737,490) | (3,048,300) | (10,000) | 0 | (28,000) | 8 | (3,086,300) |
| Ukrainian Community Support | (7,000) | (7,000) | 0 | 0 | 0 | | (7,000) |
| Planning Reserves | 0 | 0 | 36,180 | 0 | 0 | | 36,180 |
| Project Reserves | (4,308,839) | (4,308,839) | 0 | 229,000 | 65,000 | 9 | (4,014,839) |
| Repairs and Renewal Reserves | (1,272,411) | (1,492,411) | (13,680) | 1,069,550 | 30,000 | 10 | (406,541) |
| Restructuring Reserve | (300,000) | (300,000) | 0 | 0 | 0 | | (300,000) |
| Ring Fenced Reserves | (301,057) | (301,057) | 0 | 0 | 0 | | (301,057) |
| Sub Total | (16,628,974) | (17,533,824) | 506,980 | 4,485,940 | 116,000 | | (12,424,904) |
| Grand Total | (32,806,357) | (34,056,206) | (1,598,100) | 4,605,940 | (2,043,445) | | (33,091,811) |

4.6 The revised opening balances reported above reflect the decision by Cabinet on 1 August 2023 to allocate £1,249,850 from the 2022/2023 outturn to provide funds for known and estimated impacts of inflation and other operational matters to the Council.

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 £2,043,445 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):

4.7 Notes to Reserves budget revisions and movements

Ring Fenced Reserves

Note 1 Grants Reserve – £9,500 contribution from new burdens grant for Council Tax Digital Applications Software renewal. Transfer to service budget from COMF grant reserves of (£72,785) to support the provision of school holiday activities.

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

Note 3 Use of Planning Fee Administration Reserve reduced by (£246,650) to reflect reduced spend in year for service.

Note 4 Budgeted contribution for Repairs and Renewals (£18,740) removed in error. Now restated contribution to reserves received from services charges toward building maintenance.

Note 5 Ring Fenced Grants - £1,867,070 adjustment to Community Infrastructure Levy reserve in order to balance service costs to zero reflecting higher than budgeted income and lower than budget service costs reflecting actual demand.

Note 6 Capital Programme - £5,000 drawdown from reserves for expanding the Breckland CCTV. Once expanded the existing revenue budget can accommodate the additional monitoring. Drawdown of £15,000 from closed churchyard reserve to meet statutory obligations to inspect and where necessary make repairs. Contribution from provision in reserves for new document folding machine £4,000.

Note 7 Contribution towards Grants Reserves of £25,000 as a result of more than anticipated Neighbourhood Planning reviews.

Note 8 Holding Accounts - £11,000 drawdown from reserves for training identified for delivery in 2023/2024. Contribution of £15,000 from reserves towards civic events costs including appointment of Honorary Alderman. Contribution of £2,000 towards member training.

Note 9 Project Reserves - £45,000 drawdown for defibrillator scheme, £20,000 for Hunstanton Advisory Group agreed previously with Cabinet.

Note 10 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

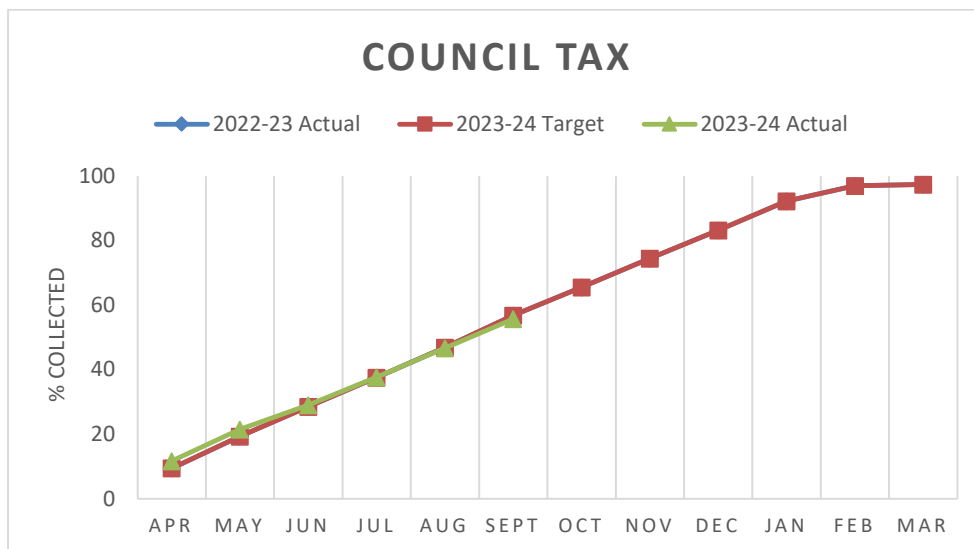
5.1 The effective management and collection of debt is an essential contributor to the councils' financial resources. Debt recovery levels previously been at from uncertainty created under the Pandemic and continue to be at risk of uncertainty from inflation. Current monitoring is not indicating a material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

5.2 The following information can be found in Appendix C

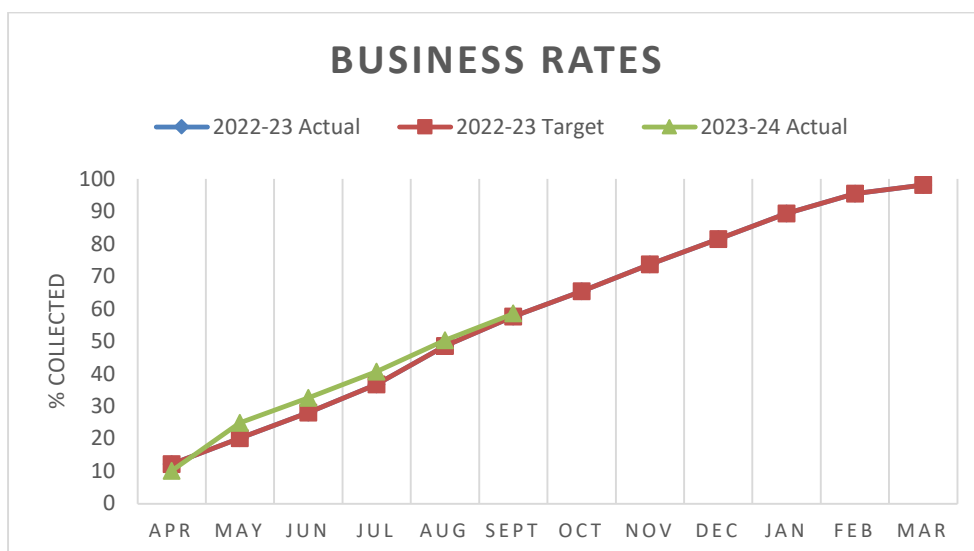
- Age debt comparison for 2022/2023 to 2023/2024 as at 30 September 2023
- Housing Benefit Recovery Payments

6. Council Tax and Business Rates

6.1 As of 30 September 2023 55.69% of council tax has been collected against the target of 56.74% which was the percentage the same time last year. See Chart below with comparison.



6.2 58.56% of business rates has been collected against the target of 57.57%, which was the percentage the same time last year. See chart below with comparison.

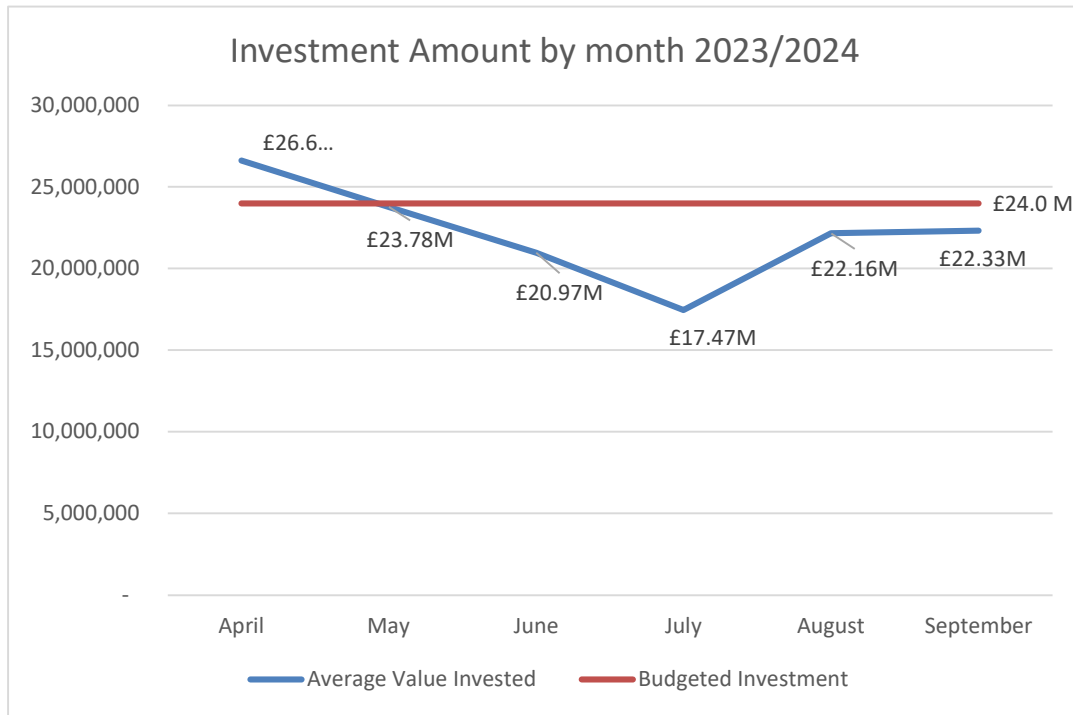


7. Treasury Management 2023/2024

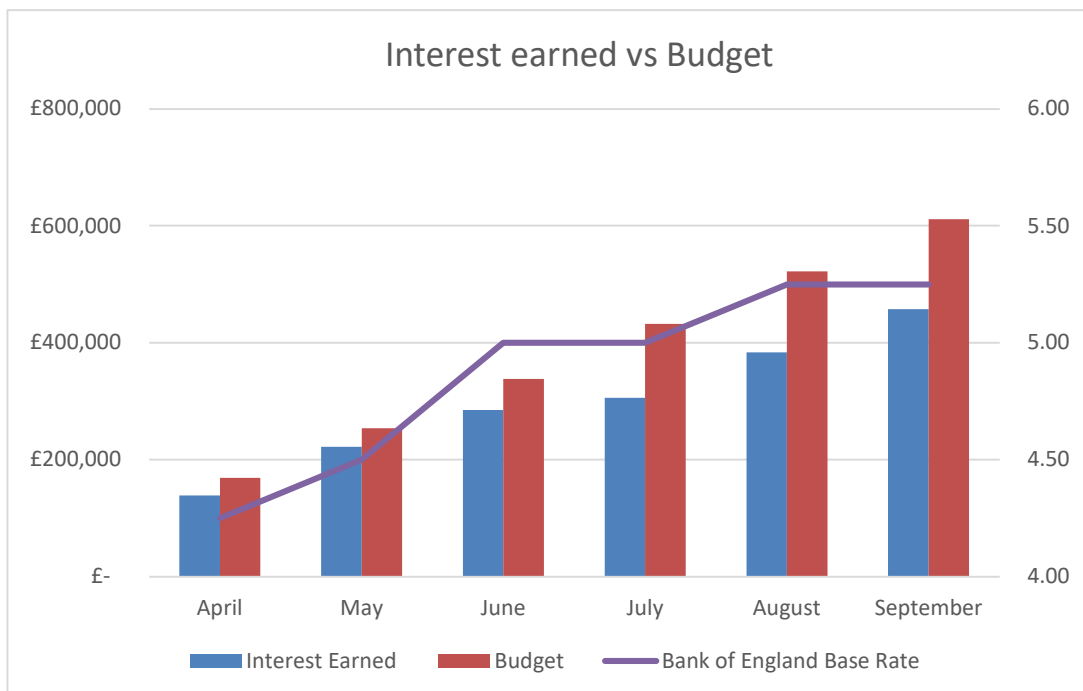
7.1 The “Treasury Management Strategy Statement and Annual Investment Strategy 2023/2024” was approved by Council on 7 February 2023. The Council’s Treasury Management Strategy will be updated as appropriate for any changes made to the code of practice by CIPFA.

7.2 The 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 2023 to September 2023. Whilst the performance for return on cash investments is below budget, this is a reflection that investment rates have not quickly followed the increase in the Bank of England Base Rate and the recent strategy to seek short term investments in anticipation of better rates being available with each anticipated base rate increase.

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 2023/2024 | Actual Borrowing 30 September 2023 |
|--|-----------------------------|---|
| Operational Boundary (Limit of borrowing) | £86m* | £10m |
| Short-term and variable rates borrowing limits | 40% | 0% |

*It should be noted that the original operational boundary limit will be amended to reflect the changes to the capital programme. This will be reflected in the upcoming Mid-Year Treasury Report.

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 (at 30 September 2023)

| Institution | Principal £ | Rate % |
|---|-------------------|--------|
| Federated Hermes – MMF | 4,000,000 | 5.301% |
| HSBC Sterling – MMF | 2,000,000 | 5.287% |
| LGIM - MMF | 4,000,000 | 5.345% |
| Total Money Market Fund Investment | 10,000,000 | |
| Handlesbanken | 4,000,000 | 4.450% |
| SMBC Bank International plc | 4,000,000 | 5.330% |
| Total Other Investments | 8,000,000 | |
| Overall Investments | 18,000,000 | |

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.