

2023/24 Outturn Report	
Executive Summary	<p>This report presents the provisional outturn position for the 2023/24 financial year for revenue, capital and reserves.</p> <p>Section 2 provides a summary of the key points with the subsequent sections providing more details around the reasons for the year end outturn position for both revenue and capital.</p> <p>The report also includes recommendations that provide funding for ongoing commitments and future projects.</p>
Options considered.	None - This is a factual report of the financial year end position for 2023/24.
Consultation(s)	None – This is a factual report of the financial year end position for 2023/24.
Recommendations	<p>Members are asked to consider the report and recommend the following to full Council:</p> <p>a) The provisional outturn position for the General Fund revenue account for 2023/24 (as shown in Appendix A);</p> <p>b) The transfers to and from reserves as detailed within the report (and Appendix C) along with the corresponding updates to the 2024/25 budget;</p> <p>c) The deficit of £0.937m relating to service overspends be funded from the General Reserve (£0.737m) and the Treasury Management Reserve (£0.200m);</p> <p>d) The balance on the General Reserve of £2.148m</p> <p>d) The surplus of £2.1m relating to retained business rates be transferred to the Business Rates Reserve;</p> <p>e) The financing of the 2023/24 capital programme as detailed within the report and at Appendix D.</p> <p>f) The updated capital programme for 2024/25 to 2026/27 and scheme financing as outlined within the report and detailed at Appendix E;</p> <p>g) The roll-forward requests as shown in paragraph 5.5.</p> <p>h) Approval of additional funding to cover capital project overspends of £0.429k as detailed in paragraph 6.7.</p>
Reasons for recommendations	To provide a draft outturn position for the General Fund, Capital Accounts and Reserves which will form the basis to produce statutory accounts for 2023/24. Also to provide a draft opening position for the financial year 2024/25.
Background papers	Budget report, Budget Monitoring reports, NNDR3 return

Wards affected	All
Cabinet member(s)	Cllr Lucy Shires
Contact Officer	Tina Stankley Director of Resources Tina.Stankley@north-norfolk.gov.uk 01263 516439

Links to key documents:	
Corporate Plan:	Financial Sustainability and Growth
Medium Term Financial Strategy (MTFS)	The outturn position will have an impact on the Reserve Balances, which will become the updated 2024/25 opening balances for the MTFS
Council Policies & Strategies	

Corporate Governance:	
Is this a key decision	Yes
Has the public interest test been applied	
Details of any previous decision(s) on this matter	Budget Report – Approved by Full Council on 22 February 2023. Budget Monitoring Period 4 – Taken to Full Council on 20 September 2023 Budget Monitoring Period 6 – Taken to Full Council on 22 November 2023 Budget Monitoring Period 10 – Taken to Cabinet on 11 March 2023

1. Purpose of the report

- 1.1 This report presents the draft outturn position for the 2023/24 financial year for revenue, capital and reserves along with details and explanations for any variances from the Balanced Budget that was approved by full Council on 22 February 2023.

2. Key points

- 2.1 A balanced budget was approved by full Council in February 2023. Budget monitoring reporting to Members during the year has shown a worsening deficit position as we advanced through the year. The Period 10 budget monitoring report (presented to Cabinet on 11 March 2024) forecast a £0.986m deficit position at the year-end. The actual position is a deficit of £0.937m.

2.2 Below is a table that shows the draft outturn position and compares it with that forecast in the Period 10 Budget Monitoring report.

	2023/24 Base Budget £'m	2023/24 Updated Budget £'m	2023/24 Outturn £'m	2023/24 Outturn Variance £'m
Net Cost of Services (Income & expenditure relating to providing services)	24.346	24.458	23.399	(1.059)
Net Operating Expenditure (includes all Council income and expenditure)	22.859	22.988	21.962	(1.026)
Less use of Reserves to fund expenditure	(4.910)	(5.039)	(0.996)	4.043
Amount to be met from Government Grant and Local Taxpayers	17.949	17.949	20.966	3.017
Income from Government Grant and Taxpayers	(17.949)	(17.949)	(20.029)	(2.081)
(Surplus)/Deficit	0.000	0.000	0.937	0.937

2.3 The table above shows that the actual net expenditure was less than the budget and the income from grants and taxpayers was higher than forecast which has resulted in there being far less use of reserves required than budgeted for and that overall, this gives a net deficit of £0.937m which is in line with that forecast at Period 10 (£0.986m).

2.4 For the Capital Programme the actual expenditure for 2023/24 was £13.766m compared to an updated 2023/24 budget of £41.021m giving a total underspend of £27.255m. The main reason for this is that the coastal protection schemes which will cost c.£20m have not progressed as quickly as initially planned and there has only been c.£3.6m spend in 2023/24. With capital it is usually the case that the expenditure can simply be reprofiled without any impact. It is only an issue if there are schemes that are grant funded whereby the grant has to be spent within a given timeframe.

2.5 As the actual expenditure was below budget and income exceeded budget this has resulted in a reduction in the need to use the level of reserves that was expected when the budget was set. The actual use of reserves was £0.996m which compares favourably with the budgeted use of reserves of £5.039m.

2.6 The overall movements between the budgeted position and the outturn have resulted in a deficit of £0.937m which will need to be funded from reserves. It is proposed to use £0.200m of the Treasury Management Reserve to fund the overspend in borrowing costs (as reported in the Period 10 Budget Monitoring report) and then it is proposed to fund the remaining deficit of £0.737m from the General Fund Reserve. The Council's General Fund Reserve balance at the year-end after funding the deficit is shown below and will be slightly higher than the optimum level recommended of £2.1m. This may be subject to amendment as the 2022/23 are still being finalised.

General Fund:	£'m
Opening balance as of 1 April 2023	3.040
Approved use of the reserve	(0.155)
Closing balance before use to fund the deficit	2.885
Use of reserve to fund the	(0.737)
Closing balance as of 31 March 2024	2.148

- 2.7 The final key point to note is that the draft statements should have been published by the 31 May, with the 30-day public inspection commencing after that. Whilst the Finance Team, with support from services throughout the authority, have worked hard and made every effort to meet this deadline it has not been possible. This is due to the need to complete of the 2022/23 accounts so that an accurate opening balance can be used in the 2023/24 accounts. It is planned to have the 2023/24 accounts audited in October so that the Governance, Risk and Audit Committee can sign the accounts off at its meeting in December 2024. A notice has been published on the Council's website to inform readers about the delay.

3. Revenue Account – Outturn 2023/24

- 3.1 The revenue account position for the year shows a year-end deficit of £0.937m. This is after allowing for transfers to Earmarked Reserves for current and known commitments.
- 3.2 Table 1 shows the main variances across the standard expenditure headings which comprise the Net Cost of Services. Details of the variances at the service level are provided at section 4.

Table 1

2022/23 Subjective Analysis	2022/23 Updated Budget	2022/23 Outturn	Variance	
	£000	£000	£000	%
Employee Costs	14,652	16,973	2,321	15.8
Premises	3,397	4,349	952	28.0
Transport Related Expenditure	312	300	(13)	(4.2)
Supplies & Services	12,078	12,348	270	2.2
Transfer Payments	19,848	19,424	(423)	(2.1)
Capital Financing Costs	4,134	2,457	(1,677)	(40.57)
Income	(32,328)	(35,586)	(3,257)	10.1
Total cost of services	21,697	19,956	(1,741)	(8.0)

Costs by type	2023/24 Updated Budget	2023/24 Outturn	2023/24 Outturn Variance	
	£'m	£'m	£'m	%
A Employee Costs	16.422	15.042	(1.380)	-8.4%
B Premises	3.860	4.067	0.207	5.4%
C Transport Related Expenditure	0.310	0.279	(0.031)	-10.0%
D Supplies and Services	13.793	14.751	0.958	6.9%
E Transfer Payment	17.078	19.608	2.530	14.8%
F Capital Financing Costs	4.134	4.253	0.119	2.9%
G Income	(31.139)	(34.601)	(3.462)	11.1%
Net Cost of Service	24.458	23.399	(1.059)	-4.3%

3.3 The reasons for some of the movements included in the summary above are as follows, further details are included at section 4:

A) Employee Costs – Favourable variance (underspend) on employee costs of (£1.380m), most of this variance (£0.978m) are savings arising from vacant posts, around (£0.600m) of which are temporary posts funded from earmarked reserves.

An adjustment of (£0.423m) has been made in relation to the current service costs on the Local Government Pension Scheme. This is a technical adjustment that is made in the accounts to comply with Accounting Standards. It reflects the difference between the cash contributions the Council has made into the Pension Fund during the year and the value of pensions accumulated in the year calculated by the actuary. As these additional costs are reversed out under net operating expenditure, they have no bottom-line impact on the revenue outturn position although the increase is reflected in long term liabilities on the Balance Sheet.

A further saving of (£82k) has been made across the council's training budgets.

£94k adverse variance as the actual amount of employee time (and thus costs) charged to capital projects was less than the budgeted amount.

B) Premises – The more significant areas of the £0.207m overspend were

- a. £52k on additional Sea Defences expenditure, however this is to be funded from the coastal protection reserve.
- b. £66k on higher than anticipated grounds maintenance costs including emergency tree works.
- c. £94k premises running costs, being an overspend of £0.114m for energy costs and an overspend of £30k for contract cleaning, partially offset by a (£42k) saving in business rates.

C) Transport – Savings in mileage claims and vehicle insurance have been offset by higher fuel costs giving an overall net underspend of £31k.

D) Supplies and Services – The overall £0.958m overspend relates to

- a. net overspend of £0.433m on increased Bed and Breakfast costs (largely offset by Housing benefit and client contributions)
- b. overspend of £26k Postage costs and annual billing, £62k Computer software and hardware purchases offset by a reduction in maintenance costs.
- c. overspend of £80k for provision for enforcement costs.
- d. overspend of £55k for consultancy fees for specialist advice
- e. overspend of £0.190m on agency staff costs incurred covering vacant posts (offset by employee savings)
- f. underspend of (£0.923m) on professional fees, planned expenditure on the local plan, conservation appraisals and environmental sustainability works which have been offset by reduced contributions from earmarked reserves.
- g. Additional £0.351m Waste and Cleansing contract costs relating to 2022/23.
- h. £0.595m Contributions to Norfolk County Council and East Anglia LEP in respect of designated area enterprise zones, part of the NNDR3 return and funded from business rate receipts.
- i. Grant expenditure, savings of (£0.169m) on Sustainable Communities grants offset by reduced reserve funding, which was partly offset UK prosperity fund grant allocations for Sustainable Communities grants.
- j. Increased Insurance premiums totalling £31k
- k. (£14k) reduction in the provision for bad and doubtful debts.

E) Transfer Payments – The overspend relates to the total of amount of housing benefits paid out in 2023/24 being higher than anticipated. However, this is offset by a reduction in Subsidy received from the Department for works and Pensions (DWP).

F) Capital Financing Costs – The current General Fund position excludes the final capital adjustments; these do not have an impact of the Councils final outturn revenue position as they are reversed out.

G) Income – The favourable variance of (£3.462m) relates to various underspends offset by some areas of overspend.

- a. £0.120m Council Tax administration grant now part of Revenue Support Grant (RSG)
- b. (£0.385m) Other recoverable charges relating to benefit overpayment debt and (£0.453m) temporary accommodation costs.
- c. Service income including a shortfall of £0.379m in Planning, Building Control and Land charge income; higher levels of Car park income than budgeted for (£0.398m); surplus licencing income (£44k) which has been earmarked for service improvements.
- d. (£0.151m) Windfall VAT income successfully recovered from HMRC relating to an historic Leisure Centre case.
- e. Additional Waste and recycling income (£0.783m) including performance failure deduction £0.573m which has been set aside in an Innovation Fund and used for future cost pressure payments.
- f. (£1,488m) increased Housing Benefit Subsidy income – this increase in subsidy grant relates to an increase in subsidy

payment volume (see point F 'Transfer Payments' above). However, as there is a cap or maximum amount that can be claimed in subsidy for costs of temporary accommodation there was a substantial shortfall of £1.03m in income.

4. Revenue Account – Detailed Commentary for Services for 2023/24

- 4.1 This section of the report reviews and highlights the more significant budget variances that have occurred at service level. Further details can be found in Appendix B.
- 4.2 Accounting standards require several notional charges to be made to service accounts e.g., capital charges, revenue expenditure funded from capital under statute (REFCUS) and pension costs, and whilst they don't have an impact on the surplus or deficit for the year, they are included for reporting purposes. Appendix A shows the overall revenue position including these notional charges; however, to assist reporting and explaining 'real cash' variances, Table 2 below provides a summary of the position excluding these notional charges.

Table 2

2023/24 Revenue Account Excluding Notional Charges	Updated Budget £'m	Outturn £'m	Variance £'m
Service Area:			
Corporate	0.466	0.550	0.084
Communities	10.491	8.917	(1.574)
Place and Climate Change	5.316	5.144	(0.173)
Resources	4.316	5.112	0.796
Net Cost of Services	20.589	19.722	(0.867)
Parish Precepts	2.875	2.875	0.000
Net Interest Receivable/Payable	(1.533)	(1.111)	0.422
MRP Waste Contract	0.330	0.475	0.145
Capital Financing	0.726	0.000	(0.726)
Contribution to/(from) Earmarked Reserves	(4.683)	(0.841)	3.842
Contribution to/ (from) General Reserve	(0.356)	(0.155)	0.202
Net Service Expenditure/Income to be met from Government Grant and Taxpayers	17.949	20.966	3.017
Government Grants and Council Tax	(17.949)	(20.029)	(2.081)
Net (Surplus)/Deficit for the Year	0.000	0.937	0.937

- 4.3 **Service Variances** – Table 3 below provides a brief summary for the most significant variances across the different service areas, excluding those relating to capital charges and pension costs. Further detailed variance explanations are provided in the appendices. These figures represent service variances before any additional contributions to/(from) reserves and revenue contributions to capital.

Table 3

£'000	Service and Details
Corporate	
	Human Resources & Payroll –
£27	Overspend on Other Professional Fees/specialist employment advice
	Registration Services –
£60	Additional staffing and printing/postage for the district council election partly offset by additional grant income
	Corporate Delivery Unit –
(£38)	Employee Costs, vacant posts
Communities - Leisure and Environmental Health	
	Public Protection –
£63	Overspend in employee costs some of which are offset by residual Contain Outbreak Management Funding.
(£42)	General Licensing income
(£44)	Taxi Licensing income
	Environmental Protection –
(£51)	Savings in employee Costs due to staff turnover
	Environmental Contracts –
(£38)	Employee Costs, vacant posts and maternity leave
	Parks & Open Spaces –
£34	Repairs and Maintenance
(£151)	Settlement of a refund claim of VAT overpaid on Leisure services
	Other Sports –
(£47)	Net savings from not holding the Mammoth Marathon event
	Woodland Management –
£26	Overspend on emergency tree works which had to be done offset by higher levels of car park income than anticipated
	Waste Collection and Disposal –
(£64)	Commercial disposal costs
£239	SERCO Contractor Costs
£74	Bad Debt Provision and write offs.
(£87)	Higher fee income, bulky household, garden bin & commercial waste
(£572)	Income for SERCO performance failure fees, to be set aside in an Innovation Fund and used for future cost pressure payments.
(£86)	Profit share from NEWS
	Cleansing –
£83	SERCO Contractor payments and Bad Debt Provision
Communities – People Services	
	Benefits Administration –
(£114)	Employee costs, vacant posts and secondment
(£99)	New Burdens Funding
£121	Reduced Council Tax Admin Subsidy
	Homelessness –
(£54)	Council owned temporary accommodation, R&M and running costs
£433	Bed and Breakfast, and rental deposit payments (offset by subsidy and client contributions)
(£445)	Recoverable income relating to temporary accommodation and repaid rent deposits.
	Community –
(£330)	Other Professional Fees, some of the surplus is to be transferred to the Reserve for use towards employee and homelessness costs in future years.
(£175)	Health & Community Grant Payments not allocated
£50	Health and Wellbeing Partnership income transferred to receipts in advance
Place and Climate Change – Planning	
	Development Management –
(£79)	Employee Costs, vacant posts, partly funded by reserves and training underspend partly offset by relocation costs

£142	Planning Application income
£79	Pre-Application advice income
	Planning Policy –
(£134)	Local Plan Fees underspend (reserves funded)
	Conservation, Design & Landscape –
(£119)	Employee Costs, vacant posts, partly funded by reserves
(£44)	Other Professional Fees (reserve funded)
	Building Control –
(£44)	Employee Costs, vacant posts, reserves funded
£90	Inspection income
	Planning Enforcement Team –
£89	Appeal Legal Fees
	Property Information –
£41	Search fee income
	Place and Climate Change – Economic Growth
	Economic Growth -
£106	UK Prosperity Fund spend
	Coast Protection –
£51	Sea Defence overspend, to be covered by reserves
	Environmental Strategy –
(£43)	Employee Costs due to vacant posts (reserve funded)
(£89)	Other Professional Fees (reserve funded)
	Coastal Management –
(£42)	Employee Costs, vacant posts
	Resources – Finance Assets and Legal
	Revenue Services –
(£126)	Grant income
	Benefits Subsidy –
£376	Combination of significantly higher rent allowance benefit payments (£2.2m) and some other smaller payments off set by subsidy income (£1.5m) and other additional income
	Corporate Finance –
(£14)	Savings in employee costs of £134k due to vacancies offset by costs of £120k for use of agency staff
	Investment Properties –
£100	Overspend on repairs maintenance, utilities and a small shortfall in income across our portfolio of investment properties
	Corporate & Democratic Core –
£573	Contributions New Anglia Local Enterprise Partnership funded from business rate income.
	Legal Services –
(£136)	Savings in employee costs due to vacancies
	Resources – Organisational Resources
	Car Parking –
£74	Overspend due to increased running cost e.g. repairs and maintenance, utilities
(£421)	Car park income in excess of that budgeted for.
	IT Support Services –
(£112)	(£112k) Employee Costs due to vacant posts
	Playgrounds –
£52	Overspend on Repairs and Maintenance across the playgrounds
	Cromer Pier –
(£68)	Savings on Repairs and Maintenance and Insurance Premiums
	Public Conveniences –
£90	Overspend due to increased running cost i.e. £18k for rent of toilet at Weybourne, £42k electricity and £30k cleaning
	Customer Services Corporate –
(£84)	Savings largely due to staff vacancies (£60k)
	AD Organisational Resources –
£50	Agency Fees to cover AD vacancy

Non-Service Income and Expenditure

- 4.4 The non-service income and expenditure largely relates to investment income (interest and dividends) and the cost of borrowing (interest payable). It also includes a small amount of interest from other sources e.g. interest on loans given to organisations for affordable housing schemes.
- 4.5 The budget for 2023/24 interest receivable was £1.533m, the actual income for the year was £1.552m. Slightly better interest rates than anticipated have resulted in this small favourable variance.
- 4.6 The Council has been internally borrowing (using the Council's own cash and saving on external interest costs) for some time knowing that in the future there would be a need to take the external borrowing to replenish the cash that has been used. It was hoped that this could be delayed for another year. So, when setting the budget in December 2022/January 2023 it was thought that the cashflow could be managed for the year without any need to borrow from external sources. However, the actual cashflow has not matched the forecast cashflow which has meant that during the year the Council has had to borrow for cashflow in the recent past. Borrowing interest incurred for the year totalled £0.441m.
- 4.7 It is proposed that £0.200m of the Treasury Management Reserve be used to fund the overspend in borrowing costs (as reported in the Period 10 Budget Monitoring report). Thus, leaving a deficit of £0.737m to be funded from the General Fund Reserve.
- 4.8 The full details of the Treasury Management activity and performance for the year are contained in a separate report (Treasury Management Outturn) being presented to Cabinet at this meeting.
- 4.9 Significant points to note from the report are as follows:
- The Council started the year with nine long-term Pooled Fund investments worth £22.581m. Two of these investments were called back in February 2024 to meet cashflow needs. These investments achieved a net capital gain on fair value of £610k for the Council i.e. £2.581m was originally invested and £3.191m in cash was received when called back.
 - The Council has taken a £5m loan from the PWLB for 2 years and 1 month and this will be repaid on 28 April 2025. The interest rate on this loan is fixed at 5.39%. This has in effect replenished depleting cash levels which happens when internally borrowing. Taking the loan also reduces the exposure to risk from increasing interest rates.

Retained Business Rate Income

- 4.10 The Council is a member of the Norfolk Business Rates Pool which is beneficial for all authorities within the Pool.
- 4.11 Accounting for Business Rates collection is a complex area as it involves three financial years and contributions to and from other external organisations over this time too. In addition to the normal complexities, there has been the impact of the additional COVID 19 pandemic grants to account for. The year 2023/24 was the final year affected by Central Government's

reconciliation of COVID support grants distributed to and used by local authorities, and the subsequent request for any overpayments to be repaid.

- 4.12 Since 2020/21 it has been difficult to calculate the budget for the Council's Retained Business Rates because of this. Because of the uncertainty around what the actual levels would be and the possibility of having to repay grants any surplus since 2020/21 has been transferred to the Business Rates Reserve to offset any future deficits.
- 4.13 The 2023/24 budget included Retained Business Rates Income was included at a prudent level because of uncertainty around the calculation. that was when the actual outturn is compared to the budget. The actual income level for the year was £2.1m above the budget and this will be transferred to the Business Rates Reserve. It should be noted that as the accounts are audited.
- 4.14 The Council Tax surplus for the year is £0.080m for 2023/24.

5. Reserves

- 5.1 The Council holds a General Reserve for which the recommended balance for 2023/24 is £2.1 million. The purpose of holding a General Reserve is to provide a working balance to help cushion the impact of uneven cash flows and to provide a contingency to help cushion the impact of unexpected events or emergencies.
- 5.2 The outturn position for the year ending 31 March 2024 was a net £0.937m surplus. This report recommends using £0.200m of the Treasury Management Reserve to part fund the overspend in borrowing costs (as reported in the Period 10 Budget Monitoring report) and then funding the remaining 2023/24 deficit of £0.737m from the General Reserve. This would retain the General Reserve balance at the recommended optimum level of £2.1m. This is shown in the table below.

General Fund:	£'m
Opening balance as of 1 April 2023	3.040
Approved use of the reserve	(0.155)
Closing balance before use to fund the deficit	2.885
Use of reserve to fund the	(0.737)
Closing balance as of 31 March 2024	2.148

- 5.3 In addition to the General Reserve the Council holds several Earmarked Reserves that are held to meet known or predicted liabilities. The Earmarked Reserves also provides a means at the year-end for carrying funds forward to the new financial year to fund ongoing commitments and known liabilities for which no separate revenue budget exists.
- 5.4 There are several Earmarked Reserves that have balances, yet the timing of the use of the reserve is yet to be agreed. For example, the Business Rates reserve which is held to negate any negative impacts on the General fund resulting from business rates appeals awarded and year end deficits.

5.5 Section 4 of the report has highlighted several service areas where an underspend has occurred in the year and a transfer to reserves has been made to ensure funds are available to meet future spending commitments. Unlike capital budgets, underspends on revenue budgets in the year are not automatically rolled forward at the year-end where there is an annual budget provision. Where the underspend represents a grant received which has not yet been fully utilised or there has been a delay in the planned use, the unspent grant has been rolled forward. The table below gives a breakdown of the roll forwards underspends and roll forwards of unspent grants.

Service	Amount £'m	Under spend and details of request
1) Requests to roll forward service underspends.		
Community Services		
Licensing	0.044	Surplus taxi licensing fee income - earmarked for future fee setting (self-financing)
Waste & Cleansing	0.572	Serco - Performance failure deductions - "Innovation Fund"
Waste & Cleansing	0.032	NEWS - profit share income 2022/23
	0.648	
2) Unspent grants - grants received in the year that remain unspent on 31 March 2024		
Environment & Leisure		
Licensing	0.004	Pavement Licence - to offset staffing costs in 2024/25
Leisure	0.003	Together Fund - Rural Support centre (Male mental health project)
Finance, Assets & Legal		
Revenues	0.084	New Burdens Funding, to be used to recruit 2 x Apprentices and 2 different softwares.
People Services		
Housing	0.132	Homes for Ukraine funding - ringfenced
People Services	0.053	Grant funding set aside to cover future redundancy costs of temporary Housing staff
	0.275	
TOTAL	0.923	

5.6 The transfers to and from reserves (general and earmarked) are included within the reserves statement as detailed at Appendix C. This appendix outlines the purpose of each reserve and shows the planned use over the current four-year budget period. The updated budget projections were forecasting transfers from earmarked reserves totaling £5.039m. The outturn position only required a transfer of £0.996m from reserves. The detailed movements can be found at Appendix C.

6. Capital Programme 2023/24

6.1 This section of the report presents the capital outturn position for the 2023/24 year and the financing for this, together with the updated programme for the financial years 2024/25 to 2028/29. Appendix D provides the detail of the outturn for the 2023/24 capital programme and variances prior to any adjustments to the original year budgets. The updated capital programme for 2024/25 to 2028/29, is attached at Appendix E.

6.2 The capital programme expenditure for 2023/24 was £13.766m compared to an updated 2023/24 budget of £41.021m giving an underspend of £27.255m.

6.3 This significant underspend is attributable to multiple factors. Some high value projects have not progressed as far as originally planned due to project delays, or project timelines have been reconsidered to reflect programmed delivery or to make future cost savings. Details of significant project budgets rolled forward into the 2024/25 capital programme are shown later in this report.

6.4 The total Capital Expenditure of £13.766m was funded by:

- £8.500m of grants
- £1.035m of external contributions
- £1.432m of reserve allocations
- £0.100m of revenue contributions
- £0.704m of capital receipts
- £1.995m funded from borrowing

6.5 Details of the Capital Expenditure and the Financing for 2023/24 can be found in Appendix D.

6.6 The table below shows the schemes completed in 2023/24 along with the value of unspent budget given up. Explanations of the major unspent budgets are detailed in paragraphs (a) to (j).

Capital Projects completed in 2023/24 and removed from the future capital programme:

Budget Manager		Completed Capital Projects	Unspent budget returned / (Overspent budget) £	Funding Source returned / (used)
Estates & Asset Strategy Manager		Catfield Industrial Units – Net Zero works	1,980	Asset Management Reserve
Resilience Manager	(a)	Replacement of Flood Gates at Cable Gap Bacton, The Ship Bacton & Walcott Post Office	45,500	Capital Receipts
Environment & Safety Manager	(b)	Waste Vehicles	37,916	Borrowing
Assets & Property Programme Manager	(c)	Public Conveniences (Fakenham & Wells) Additional retention payment of £20k is also due in 2024/25	(314,603)	Capital receipts
Assets & Property Programme Manager	(d)	Public Conveniences (Sheringham & North Walsham)	265,228	Capital receipts
Assets & Property Programme Manager		Pavilion Theatre Bar Upgrade	(36,127)	Capital receipts
Assets & Property Programme Manager		Administrative Buildings	2,286	Asset Management Reserve
Estates & Asset Strategy Manager	(e)	Collectors Cabin	24,417	Capital Receipts
Estates & Asset Strategy Manager		Fakenham Connect/Crinkle Crankle Wall	(10,815)	Capital Receipts
Estates & Asset Strategy Manager	(f)	Unit 1 & 2, Surf Lifesaving School, Cromer Promenade	55,000	Capital Receipts
Network Manager	(g)	Members IT	25,518	Capital Receipts
Network Manager		Fire Wall Replacements	3,510	Capital Receipts
Network Manager	(h)	Refurbishment of IT Training Room	15,000	Capital Receipts
HR Manager	(i)	Recruitment Software	35,050	Capital Receipts
Network Manager		Printer Replacement	2,503	Capital Receipts
Network Manager		Network Hardware Replacement	5,234	Capital Receipts
Network Manager	(j)	Folding Machine Laminator	22,880	Capital Receipts
Total deallocated funding			180,477	

Total deallocated funding by financing source	180,477
Asset Management Reserve	4,266
Capital Receipts	138,295
Borrowing	37,916

- (a). The Replacement of Flood Gates at Cable Gap Bacton – this project has not been taken forward and so after consultation with the Council’s Civil Contingencies and Coastal teams who confirmed that it was no longer required this has been taken out of the Capital Programme.
- (b). The cost of the two additional Waste Vehicles was less than originally expected, therefore not all the borrowing funding is required.
- (c). There is a significant overspend of £315k on the Public Conveniences at Fakenham & Wells. In addition to this there is a further retention payment of £20k that is due to be paid in 2024/25 giving a total overspend of £335k to complete the scheme. Funding needs to be identified for this.
- (d) There is an underspend of £265k on the Public Conveniences at Sheringham & North Walsham. The North Walsham scheme has been completed, but a retention sum of £10k is due to be paid in 2024/25. The Sheringham scheme has not yet been completed and it is estimated that a further £100k will be needed to complete the scheme. Therefore £110k of the £265k underspend will need to be carried forward into 2024/25 and funded from capital receipts as originally planned.

This would leave a ‘spare’ capital receipt of £155k which could be used to part fund the overspend at Fakenham & Wells. This would still leave a funding gap of £159k to cover the 2023/24 overspend and £20k to cover the retention sums due to be paid in 2024/25.

- (e). The work on the Collectors Cabin is now complete, with the building now successfully being let to a tenant. No further renovation work is required on the building.
- (f). Roof repairs to the Surf Lifesaving School (Red Lion Retail Units 1 & 2, Cromer Promenade) - the budget is no longer required as the works have been completed under as part of another capital scheme (Asset Roof Replacements).
- (g). The Members IT budget is a residual budget that is no longer required.
- (h). The refurbishment of IT Training room and replacement of desktop PCs no longer needs doing as staff now have laptops which they can take along to any training sessions.
- (i). The Recruitment Software budget is a residual budget that is no longer required.
- (j). The Folding Machine Laminator is a residual budget that is no longer required.

- 6.7 There are schemes where overspends have occurred in 2023/24. Details are given in the table below along with the funding that has been identified to fund these overspends. Explanations for the overspends can be found in paragraphs (k) to (o) below.

Capital Projects overspent in 2023/24, requesting extra budget approval.

Budget Manager		Overspent Capital Projects	Overspend £	Funding Source requested
Assets & Property Programme Manager	(k)	Public Conveniences (Fakenham & Wells)	159,375	Capital Receipts
Assets & Property Programme Manager	(l)	Pavilion Theatre Bar Upgrade	36,127	Capital Receipts
Early Help and Prevention Manager	(m)	Disabled Facilities Grants	219,255	Grants
Estates & Asset Strategy Manager	(n)	Fakenham Connect /Crinkle Crankle Wall	10,815	Asset Management Reserve
Assets & Property Programme Manager	(o)	Morris Street Car Park Boundary Wall (n)	3,800	Asset Management Reserve
Total extra funding requested to finance overspends			429,372	

Total funding requested by financing source	429,372
Asset Management Reserve	14,615
Capital Receipts	195,502
Grants	219,255

- (k). See comments at paragraph 6.6 (c) and (d) above. The Fakenham & Wells Public Conveniences refurbishment scheme was started and priced before the COVID pandemic and the war in Ukraine. Construction costs increased significantly across the world following these events and this has been the case with the work at Fakenham and Wells. There was also unforeseen ground works identified which required a major electrical cable diversion coming at a significant extra cost.
- (l). The Pavilion Theatre Bar Upgrade project overspent because of additional works that were required i.e. the replacement of the existing rotten timber flooring at the toilet on the Pier Theatre and remedial works needed to rectify the impact of a pigeon infestation which alone cost £25k. It is proposed that the overspend of £36k is funded from the use of Capital Receipts.
- (m). Whilst it appears that Disabled Facilities Grants paid out exceeded the in-year budget by £219k there is a balance of £1.269m of prior years' unspent DFG funding available in the Council's Capital Grants Unapplied account which is ringfenced for DFG expenditure. The S151 Officer approved this prior to the expenditure being committed. It is therefore proposed to fund the overspend using this grant funding.

Officers also propose that in order to continue to deliver more disabled facilities across the district a further £400k of grant funding is released from the Capital Grants Unapplied account to increase the DFG budget in 2024/25. This would leave a balance of £650k available for future years.

- (n). Fakenham Connect and the Crinkle Crankle Wall project was overspent in 2023/24 by £11k. This arose as the need for specialist advice was unforeseen in scoping the work, but it was required to complete the work

properly. It is proposed this is funded from the Asset Management Reserve.

- (o). The Morris Street car park boundary wall was damaged by a storm and was declared a dangerous structure. The rebuild costs have exceeded the approved budget £4k. It is proposed this is funded from the Asset Management Reserve.

6.8 Capital receipts of £0.704m were received in 2023/24 these were:

- £0.407m from Right to Buy sales relating to the Council's old housing stock.
- £0.234m from the sale of Waste Vehicles to SERCO.
- £0.063m from the repayment of Disabled Facilities Grants during the year.

6.9 For schemes which were not completed in 2023/24 the capital budgets will be rolled forward into 2024/25. The most significant of these are listed in table below. Full details are given in Appendix E.

Budget Slippage from 2023/24 to the 2024/25 Capital Programme over £100,000

Capital Project		Budget rolled-forward into 2024/25. £'m	Funding Source(s)
Cromer Coastal Protection Scheme	(p)	£10.371	Grants
Coastal Adaptations	(q)	£0.245	Capital Receipts
Mundesley Coastal Management Scheme	(r)	£5.792	£340k Contribution £307k Capital Receipts £5.145m Grants
Coastal Management Fund	(s)	£0.142	Capital Receipts
Coastwise	(t)	£1.347	Grants
Holt Country Park Electricity Improvements	(u)	£0.150	Capital Receipts
Public Conveniences – Albert Street, Holt	(v)	£0.358	£190k Capital Receipts £120k insurance claim, £48k Grants
3G Facilities	(w)	£0.848	Capital Receipts
Cromer 3G Football Facility	(x)	£0.995	£700k Grants £295k Capital Receipts
The Reef Leisure Centre	(y)	£0.263	£123k Capital Projects Reserve, £139k Capital Receipts
Compulsory Purchase of Long-Term Empty Properties	(z)	£0.429	Capital Receipts
Community Housing Fund	(aa)	£0.228	Housing Reserve
Temporary Accommodation	(ab)	£0.298	Capital Receipts
S106 Enabling	(ac)	£0.764	S106 Contributions
Loans to Housing Providers	(ad)	£0.190	Capital Receipts
Local Authority Housing Fund	(ae)	£0.312	Grants
Rocket House	(af)	£1.014	Capital Receipts
North Walsham HAZ	(ag)	£0.155	Capital Receipts

Fakenham Urban Extension	(ah)	£1.581	£900k Delivery Plan Reserve, £681k Contributions
Property Acquisitions	(ai)	£0.705	Capital Projects Reserve
Chalet Refurbishment	(aj)	£0.125	Capital Receipts
Car Parks Refurbishment	(ak)	£0.147	£105k Borrowing, remainder £147k Capital Receipts
Asset Roof Replacements (Art Deco Block, Red Lion Retail Unit, Sheringham Chalets)	(al)	£0.137	£96k Asset Management Reserve £29k Contributions £12k Grants

- (p). Cromer Coast Protection Scheme – the budget profile has been adjusted as the main part of the scheme is the delivery of the rocks which are sensitive to many factors e.g. availability of the barges, weather and tide patterns. This should be completed the summer of 2024, with residual works planned for completion in the winter 2024 and spring 2025.
- (q). Coastal Adaptations fund – any unspent budget is rolled forward as the budget is retained to cover unforeseen and required coastal works that support residents and businesses that need support for coastal related emergencies.
- (r). Mundesley Coastal Management Scheme – see (p) above which applies here too.
- (s). Coastal Management fund – any unspent budget is rolled forward as the budget is retained to carry out major coastal defence works (groynes, steps, revetments etc.) when required.
- (t). Coastwise - any unspent budget is rolled forward as the budget is retained to support residents needing emergency relocation.
- (u). Holt County Park Electricity - budget of £150k was found to be insufficient when the work was scoped and so the budget will be rolled forward and amalgamated with a further £250k of funding which was approved by full Council in February 2024.
- (v). Public Conveniences (Albert Street, Holt) – unavoidable delays due to complex negotiations with third parties around party walls and discovery of unmarked electrical supplies needing disconnection has meant the project will now be completed in 2024/25.
- (w). 3G sports facility at North Walsham – This is a major undertaking and works will commence shortly with planned completion in March 2026.
- (x). 3G sports facility at Cromer – initial discussions are underway, and the work will commence as soon as agreement has been reached by all counterparties involved.
- (y). Retention sum for The Reef Leisure Centre - rolled forward into 2024/25 to cover any snagging/remedial that should have been done by the contractor. However, as the contractor went into administration in 2023 the retention not paid over will be used by NNDC to cover the cost of any required works e.g. fixing a leak under the pool that has been identified.

- (z). Compulsory Purchase of Long-Term Empty Properties - any unspent budget is rolled forward as the budget is provides funding for emergency compulsory purchases the Council may need to make at short-notice.
- (aa). Community Housing Fund - any unspent budget is rolled forward as the budget is retained to provide grants to housing companies, specifically aimed at supporting the provision of affordable accommodation.
- (ab). Provision of Temporary Accommodation - any unspent budget is rolled forward as the budget is retained to purchase properties that can be used as temporary accommodation.
- (ac). S106 enabling budget - any unspent budget is rolled forward as the S106 contributions received are to be used for the provision of infrastructure, recreational facilities and affordable housing in the district, but there are restrictions on how and where the funding can be spent and so the budget will be rolled forward until appropriate schemes are identified.
- (ad). Loans to Housing Providers - any unspent budget is rolled forward as this budget is used to provide loans to local housing companies provide affordable housing in the North Norfolk District.
- (ae). Local Authority Housing Fund (LAHF) - the unspent budget is to be rolled forward as the budget is government grant funding for the Council to purchase properties to use as temporary accommodation. There are two property purchases planned for 2024/25 to use the remaining funding.
- (af). Rocket House - the unspent budget is to be rolled forward to complete the work that was started in 2023/24 to resolve damp issues identified at the property.
- (ag). North Walsham Heritage Action Zone (HAZ) – the scheme was essentially completed in 2023/24. There is a small element of work to be paid for and so the full amount of the budget will be rolled forward and retained until all final costs have been covered. At this point the unused funding will be returned so that it can be used to fund other projects.
- (ah). Fakenham Urban Extension – delivery of the project has been delayed due to issues with Nutrient Neutrality as previously disclosed to the Council. This project is still due to be completed and so the budget will be rolled forward into 2024/25.
- (ai). Property Acquisitions budget - any unspent budget is rolled forward to fund property purchases.
- (aj). Chalet Refurbishment – the unspent budget will be rolled forward to fund renovation works to the Chalets have not yet been undertaken. Whilst these works were planned to take place during 2023/24 other works needed to be prioritised above this work.
- (ak). Car Parks Refurbishment - any unspent budget is rolled forward as this is a rolling programme of resurfacing works to the Council's car parks.
- (al). Asset Roof Replacements (Art Deco Block, Red Lion Retail Unit, Sheringham Chalets) – Previously approved budgets were amalgamated

(see paragraph 6.6 (f) to obtain better value for money by combining these works under one. Some of the work was completed in 2023/24 and the remainder will be completed in 2024/25.

7. Capital Programme 2023/24 Update

- 7.1 Appendix E shows the updated capital programme for the period 2024/25 to 2028/29 as it currently stands. The capital programme has been updated to reflect the slippage identified within this report, together with the capital outturn position. It also includes schemes which have already received formal approval by full Council or the Director of Resources as at the 31 March 2024.

8. Medium Term Financial Strategy

- 8.1 The content of this report includes details of budgets which will support the medium-term financial strategy through the revised capital programme and movements in reserves.

9. Proposals and Options

This is a factual report that outlines the financial position at the year-end for the year 2023/24. There are proposed recommendations for Cabinet to make to full Council on 12 July 2023. The approval of these recommendations will enable the Council to maintain its strong financial position in the coming years.

10. Corporate Priorities

Delivering services within budgets enables the Council to maintain its strong financial position and maintain a robust level of reserves that may be required to address future unforeseen events.

11. Financial and Resource Implications

- 11.1 This report is of a financial nature and the financial implications are included within the report content.

Comments from the S151 Officer:

The draft outturn position as presented in this report shows that there is a deficit for the year of £0.937m for the year. The Council can meet this through the use of Reserves however future years' position will need to be closely managed and monitored to ensure that the Council can remain financially sustainable.

The is still subject to audit and may be subject to change. The final position will be presented to GRAC in the Statement of Accounts which they Committee will be asked to approve and sign.

12. Legal Implications

12.1 There are no legal implications as a direct consequence of this report.

Comments from the Monitoring Officer

In accordance with the CIPFA requirements, this report provides financial information to Members around the 2023/24 provisional outturn position for the year and matters as detailed in the recommendations.

13. Risks

13.1 Financial risks are identified within the report content.

14. Net ZeroTarget

This report does not raise any issues relating to the achieving the net zero target.

15. Equality, Diversity & Inclusion

This report does not raise any issues relating to the achieving the net zero target.

16. Community Safety issues

This report does not raise any issues relating to the community safety issues.

17. Conclusion and Recommendations

17.1 Members are asked to consider the report and recommend the following to full Council:

- a) **The provisional outturn position for the General Fund revenue account for 2023/24 (See Appendix A);**
- b) **The transfers to and from reserves as detailed within the report (and Appendix C) along with the corresponding updates to the 2024/25 budget;**
- c) **The deficit of £0.937m relating to service overspends be funded from the General Reserve (£0.737m) and the Treasury Management Reserve (£0.200m);**
- d) **The balance on the General Reserve of £2.148m**
- e) **The surplus of £2.1m relating to retained business rates be transferred to the Business Rates Reserve;**

- f) The financing of the 2023/24 capital programme as detailed within the report and at Appendix D;**
- g) The updated capital programme for 2024/25 to 2026/27 and scheme financing as outlined within the report and detailed at Appendix E;**
- h) The roll-forward requests as detailed in paragraph 5.5**
- i) Approval of additional funding to cover capital project overspends of £0.429k as detailed in paragraph 6.7.**