GREAT YARMOUTH
BOROUGH COUNCIL

Cabinet

Date: **Monday, 13 November 2023**
Time: **14:00**
Venue: **Council Chamber**
Address: **Town Hall, Hall Plain, Great Yarmouth, NR30 2QF**

AGENDA

Open to Public and Press

1 APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2 DECLARATIONS OF INTEREST

You have a Disclosable Pecuniary Interest in a matter to be discussed if it relates to something on your Register of Interests form. You must declare the interest and leave the room while the matter is dealt with.
You have a Personal Interest in a matter to be discussed if it affects
- your well being or financial position
- that of your family or close friends
- that of a club or society in which you have a management role
- that of another public body of which you are a member to a

greater extent than others in your ward.
You must declare a personal interest but can speak and vote on the matter.

Whenever you declare an interest you must say why the interest arises, so that it can be included in the minutes.

3	**ITEMS OF URGENT BUSINESS**	
	To consider any items of Urgent Business.	
4	**MINUTES**	4 - 13
	To confirm the minutes of the meeting held on the 9 October 2023.	
5	**URN 23-160 - ANNUAL PROGRESS REPORT ON THE EQUALITY ACTION PLAN**	14 - 39
	Report attached.	
6	**URN 23-173 - TREASURY MANAGEMENT MID YEAR REVIEW 2023/24**	40 - 53
	Report attached.	
7	**URN 23-181 - 2023/24 PERIOD 6 GENERAL FUND AND HOUSING REVENUE ACCOUNT BUDGET MONITORING**	54 - 110
	Report attached.	
8	**URN 23-174 - MEDIUM TERM FINANCIAL STRATEGY REVIEW 2024/25 TO 2026/27**	111 - 131
	Report attached.	
9	**URN 23-153 - GYN TRANSFER PROJECT**	132 - 160
	Report attached.	
10	**EXCLUSION OF PUBLIC**	

In the event of the Committee wishing to exclude the public from the meeting, the following resolution will be moved:-

"That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 1 of Part I of Schedule 12(A) of the said Act."

Cabinet

Minutes

Monday, 09 October 2023 at 14:00

Councillor Smith (Leader & Portfolio Holder for Finance, Governance and Major Projects) (in the Chair), Councillors Bensly (Portfolio Holder for Tourism, Culture & Coastal), Candon (Portfolio Holder for Economic Development & Growth), Flaxman-Taylor (Portfolio Holder for Housing, Health & Communities), Plant (Deputy Leader & Portfolio Holder for Operational Property and Asset Management) & Wells (Portfolio Holder for Environment & Sustainability, Waste and Licensing).

Also in attendance

Ms S Oxtoby (Chief Executive Officer); Ms C Whatling (Monitoring Officer), Mrs N Hayes (Executive Director - Place), Ms K Sly (Executive Director - Finance), Mr C Furlong (Executive Director - Housing Assets), Mrs N Turner (Head of Housing Assets), Mr S Hubbard (Strategic Planning Manager), Mrs S Wintle (Corporate Services Manager), Mr K Balls (Principal Strategic Planner), Mr D Glason (Head of Growth and Capital Projects) Mr N Medle (CityFibre Representative) Ms V Mallender (Economic Growth Manager) Ms L Snow (Finance Manager); Mrs C Dyble (Head of Marketing, IT and Communications) and Mr D Zimmerling (IT Support)

Councillors Wainwright and Jeal attended as observers to the meeting.

01 APOLOGIES FOR ABSENCE

There were no apologies for absence received.

02 DECLARATIONS OF INTEREST

There were no declarations of interest declared at the meeting.

03 ITEMS OF URGENT BUSINESS

The Chairman advised that he had received no items of urgent business to be discussed at the meeting.

04 MINUTES

The minutes of the meeting held on the 11 September 2023 were confirmed as a true and accurate record of the meeting.

05 CITYFIBRE PRESENTATION

Cabinet Members received a presentation from Mr Neil Medle from CityFibre.

The Leader sought clarification as to what had been shown as an area in grey and asked what would be happening within this area as he was concerned about the vast number of houses included within this area. Neil Medle confirmed that as far as he was aware this area had been removed from the programme in light of costs and the area being embargoed during certain times of the year. The Chief Executive Officer confirmed that the only message that had been given from the Council was that there was a need to be mindful of works taking place at these areas during the summer period and also during the period of the 3rd river crossing build, but advised that it had never been the intention of the Council to have these areas removed from the programme completely. Neil confirmed that he would feed back to the head office.

A question was raised with regard to the Project Gigabit and clarification was sought as to what this program consisted of. It was confirmed that Project Gigabit was a subsidised programme that would look at the areas that were not included within the Cityfibre £15m investment.

The Portfolio Holder for Economic Development and Growth, Councillor Candon commented that he appreciated the work that had been undertaken within his ward, however, commented that he had received a number of complaints from residents regarding the standards of work that had been completed. Councillor Candon asked for assurance that quality control checks were being undertaken. He further added that he felt this was a fantastic scheme that would hopefully work towards solving the technical / digital divide.

The Portfolio Holder for Environment and Sustainability, Licensing and Waste, Councillor Wells raised further concern with regard to the apparent exclusion of the houses within the Nelson Ward and hoped that this could be looked into, he asked if a detailed map could be provided to show all the properties that were and were not included within the programme.

The Leader also commented that there was a need to consider the Energy enterprise zone areas which were also currently excluded from the approved areas.

The Portfolio Holder for Heritage, Tourism and Culture, Councillor Bensly asked with regard to the northern parishes in which he represented and asked if any roll out had been planned for these areas in light of numerous new builds being built in these areas, he also made reference to the smaller villages which were likely to have little or no internet or fibre and asked whether consideration could be given to these areas.

The Portfolio Holder for Operational Property and Assets asked if having full fibre available within a property was likely to increase it's value, this was confirmed.

Councillor Jeal commented that he believed that some of the properties within the Nelson ward may already have full fibre installed within the area and this may be why this area had not been included, however agreed that this matter should be looked into.

Councillor Wainwright commented that he felt the project roll out was going well and advised that he had currently not received any complaints with regard to the works that had been completed.

The Cabinet asked if information regarding Project Gigabit could be brought back to Members to advise on the areas being considered for this project and to provide further information to Members on the project. Mr Medle advised that he would feed this request back to the relevant Officers.

06 23-139 - COASTAL ADAPTATION SUPPLEMENTARY PLANNING DOCUMENT ADOPTION

Cabinet received and considered the Principal Strategic Planner's report.

The Portfolio Holder for Economic Development and Growth, Councillor Candon advised that the report set out recommendations to adopt the Coastal Adaptation Supplementary Planning Document, which supports the implementation of existing coastal planning policies in the Great Yarmouth Local Plan, and help inform planning decisions relating to development within the borough’s Coastal Management Area, and potential rollback and relocations away from the coast.

Supplementary Planning Documents (SPDs) build upon and provide more detailed advice or guidance on policies in an adopted Local Plan. The Coastal Adaption SPD cannot be in conflict with the adopted Local Plan, depart from current coastal management approach in the existing Shoreline Management Plan, nor can it address large scale coastal infrastructure projects, which are determined by central guidance.

Guidance with the Coastal Adaptation SPD will be a material consideration in the determination of planning applications and support planning decisions relating to development within the borough’s Coastal Management Area, and for potential rollback and relocation proposals away from the coast.

The Coastal Adaptation SPD has been prepared by a partnership of Great Yarmouth Borough Council, East Suffolk Council, North Norfolk District Council, The Broads Authority (The Broads), with the support of Coastal Partnership East. These authorities and Coastal Partnership East are signatories to the ‘Norfolk and Suffolk Coastal Authorities Statement of Common Ground on Coastal Zone Planning’ (July 2018), which recognises the importance of cross boundary working in relation to coastal management. The Coastal Adaptation SPD is an example of positive cross boundary working to support the common goal of coastal adaptation.

The Town and Country Planning (Local Planning) Regulations 2012 require two stages of consultation during the preparation of a Supplementary Planning Document. The first initial draft consultation to inform the scope and content of the SPD took place between 4 September and 16 October 2020. Following endorsement of the final draft Coastal Adaptation SPD by the Policy & Resources Committee on 6 December, a consultation took place over 6 weeks between 25 January and 8 March 2023.

A Consultation Statement has been prepared and is appended to this report as Appendix 2 which includes the responses received at both stages of consultation and how they have been addressed in the final version of the Supplementary Planning Document.

The final version of the Coastal Adaptation SPD that is to be adopted by Cabinet is provided in Appendix 1 to this report.

The Portfolio Holder for Tourism, Culture and Coastal, Councillor James Bensly, thanked the Officers for their hard work in presenting such a big piece of work, he advised that he did have some concern with regard to the Shoreline Management Plan however acknowledged that this could be looked at as part of the review and fedback into the Plan. The Principal Strategic Planner agreed that this could be looked into and changes if required could be incorporated as part of a review.

Cabinet **RESOLVED** to :

1. Adopt the Coastal Adaptation Supplementary Planning Document (included as Appendix 1 to this report); and

2. Delegate authority to the Strategic Planning Manager, in consultation with the Cabinet Member for Economic Development & Growth, to make any presentational or typographical amendments to the Coastal Adaptation Supplementary Planning Document prior to it being published.

07 23-144 - SUPPLEMENTARY PLANNING DOCUMENT - INITIAL CONSULTATION DELEGATION

Cabinet received and considered the Strategic Planning Manager's report which sought approval from the Cabinet to delegate authority to the Head of Planning to approve the first stages of consultation on Supplementary Planning Documents.

The Portfolio Holder for Economic Development and Growth, Councillor

Candon presented the item and advised Cabinet of the following :-

Supplementary Planning Documents (SPD) build upon and provide more detailed advice or guidance on policies in an adopted local plan. They do not form part of the 'development plan' but are a material consideration in the determination of planning applications. The Council currently have four adopted Supplementary Planning Documents (SPD) for Hall Quay, North Quay, Open Space provision and a design guide for Shopfronts.

The Town and Country Planning (Local Planning) Regulations 2012 require at least two stages of consultation during the preparation of an SPD. Firstly, consultation is required during the initial preparation of the document to inform a draft SPD. This consultation is typically more informal and could be in a questionnaire format (such as the initial consultation on the North Quay SPD) or in the form of a first draft of the SPD. More than one consultation could be undertaken if necessary and some consultations could be more tailored to be focussed on certain interest groups. The point of consultation at this stage is to give people an early say on the content of the SPDs before the Council has formalised a final position on the matter.

Once a final draft of the Supplementary Planning Document has been prepared it must then be subject to a more formal public consultation prior to adoption.

In order to support the timely production of these documents, the Policy and Resources Committee in September 2021 gave delegated authority to the then Director of Planning and Growth, in consultation with the Local Plan Working Party and the Chairman of Policy and Resources Committee, to approve public consultation at the initial stages of preparation as detailed above. Given the new constitution and new executive structure of the Council it is considered necessary to renew this delegation. As such this report now requests this delegation is given to the Head of Planning in consultation with the Cabinet Member with responsibility for Strategic Planning.

The formal stage of consultation on the final draft of the SPD will still be subject to approval by Cabinet. Cabinet also has the responsibility for adoption of SPDs on behalf of the Council.

Cabinet **RESOLVED** to :-

Delegate authority to the Head of Planning, in consultation with the Cabinet Member with responsibility for Strategic Planning, to approve the first stages of public consultation on future emerging Supplementary Planning Documents as and when they are prepared.

08 23-247 - RURAL ENGLAND PROSPERITY FUND (REPF) GRANT SCHEME

Cabinet received and considered the Head of inward Investment's report.

The Portfolio Holder for Economic Development and Growth, Councillor Candon presented the item and advised Cabinet of the following :

The Rural England Prosperity Fund (REPF) forms part of the UK Shared Prosperity Fund (UKSPF) Investment Plan and covers similar themes to the old EU rural programmes. REPF is additional UKSPF funding which has been allocated to rural areas in recognition of their specific needs, including connectivity, access to key services and lower economic development rates.

GYBC was allocated £400,000 REPF funding over the period 2023/24 and 2024/25. The REPF prospectus sets out an expectation that the funds are distributed to external beneficiaries.

This report provides members with an overview of the approved Rural England Prosperity Fund (REPF) addendum to the UK Shared Prosperity Fund (UKSPF) Investment Plan. The REPF prospectus set out a clear presumption that the funds would be distributed to external beneficiaries in the form of delegated, discretionary grant. Recommendations for the arrangements to deliver grant aid under REPF are set out and delegated authority for officers to proceed on that basis.

The portfolio Holder for Operational Property and Assets asked with regard to the reporting of the awarding of grants and it was advised that these would be reported to Members through the quarterly programmed performance reports.

Cabinet **RESOLVED** to :-

(1) Note and consider the proposed grant scheme and process

(2) Delegate delivery of the scheme outlined herein to officers, with regular ongoing reporting to be aligned with the UKSPF programme.

09 23-063 - STAR SURVEY ACTION PLAN

Cabinet received and considered the Head of Housing Asset's report.

The Portfolio Holder for Operational Property and Assets presented the item and advised Cabinet of the following :

This report details the outcome of the Survey of Tenants and Residents (STAR Survey) undertaken by the Council in December 2022 and January 2023. The last survey was completed in 2019 and the report provides a comparison, whether this is possible of changes in scores between the two surveys.

Reflecting the introduction of new Tenant Satisfaction Measures by the Regulator of Social Housing which the Council must collect this year, the STAR survey provides a useful benchmark of tenant and leaseholders perception of the Housing Assets Service.

The STAR survey has been used to identify those areas where tenants and leaseholders are least satisfied with the service and an action plan has been developed to address those areas where improvement is required.

The Portfolio Holder for Environment and sustainability, Waste and Licensing, Councillor Paul Wells asked if a breakdown of the 181 responses to the survey could be provided, this was confirmed.

Reference was made to the score of 68% satisfaction with tenants landlord and it was acknowledged that this was a low score, however it was advised that with the introduction of the new policy coming into force it was hoped that this score could be rectified.

Cabinet **RESOLVED** to :-

Note the report and action plan.

10 23-140 - ADOPTION OF REPAIRS POLICY

Cabinet received and considered the Executive Director, Housing Asset's report which sought approval for the adoption of a new Council Housing Repairs Policy.

The Portfolio Holder for Operational Property and Assets presented the item and advised Cabinet of the following :

The report outlines the purpose of the Policy, how it was developed, its objectives and the key problems it is addressing, and the Policy's main features. The Policy is the first of a group of overarching Housing Asset Service related policies coming to Cabinet.

The purpose of the Policy is to provide an excellent, cost-effective repairs and maintenance service for council tenants that is responsive to tenants needs, meets regulatory requirements, and supports the Council's Housing Investment Plan.

Councillor Wainwright asked with regard to the void properties and advised that First Move Furnish Aid had offered their support with removal of furniture within properties once they become void. The Head of Housing Assets advised that tenants were given information and advised of First Move Furnishaid when requiring furniture removal.

Cabinet **RESOLVED** to :-

Approve the adoption of the Housing Repairs Policy.

11 23-133 - LONG TERM LEASE ARRANGEMENT AND CONSTRUCTION UPDATE FOR "THE PLACE"

Cabinet received and considered the Executive Director, Place's report.

The Leader presented the item and advised Cabinet of the following :-

As part of the of Future High Streets and Town Deal programmes the Borough Council, in partnership with East Coast College (ECC)(working with University of Suffolk (UoS)) and Norfolk County Council (NCC) are developing a Library and University Learning Centre “The Place” in the town centre. The “Place” will offer an ambitious and wide ranging list of services including skills and employment support to help residents access sustainable and long term employment opportunities.

The project is at the stage where the development is progressing to construction stage and part of this includes the disposal of the building through granting 125-year leases to the project partners noted above, to operate their library and learning services and support the Council to realise the outcomes of this aspirational project for the Borough.

This report also provides an update on the progress of the build stage, the main contractor procurement and timelines to completion which will see the building open in Autumn 2024.

The Portfolio Holder for Operational Property and Assets, Councillor Plant asked with regard to the maintenance of the building and whether a clause had been added to ensure there was a responsibility for the maintenance by the operator, the Executive Director, Place advised that there was a service charge payable annually which included maintenance.

The Portfolio Holder for Tourism, Culture and Coastal asked if Members could look round the building before works commenced, this was confirmed and could be arranged by request.

Councillor Plant congratulated Officers for the work completed to date on the project.

Cabinet **RESOLVED** to :

(1) Note and approve the project progress to date.

(2) Approve the disposal of 37-39 Market Place, Great Yarmouth, subject to agreed heads of terms, by way of granting 125-year leases to East Coast College and Norfolk County Council, in line with the acquisitions and disposals policy.

12 23-081 - 2022/23 TREASURY MANAGEMENT OUTTURN REPORT

Cabinet received and considered the Executive Director, Resources report.

The Leader presented the item and advised Cabinet of the following :-

This report presents the treasury management activity for the 2022/23 financial year and includes the overall treasury position for 2022/23, our borrowing requirement and debt for 2022/23 Reporting on the quarter 1 2023/24 treasury and capital prudential indicators.

The Council's treasury management strategy for 2022/23 was approved at a meeting of the Council in February 2022 this report provides the outturn against the strategy following outturn.

CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority.

Main points to note are firstly that total borrowing fell in 2022/23 from £135m to £121m from the previous financial year. Secondly, a reduction in the level of investments held by the Council. The main reason being due to the final settlement and repayment of £23m Government funds during 2022/23 that were received in advance of spend in relation to COVID business grants.

Finally, interest paid was lower than budgeted for and interest received was higher than budgeted for recognising the prudent approach used when setting the budgets in these areas.

The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount cash available to meet unexpected payments within a rolling three-month period. This indicator was not achieved at year-end as of total investments of £14m, £10m of the investments were long term with local authorities and the pooling fund with only £4m held in short-term investments rather than the £12m level set. This target was set at a point of having had high balances available for investments which have subsequently reduced at the end of the year as mentioned previously due the repayment of COVID funds at the end of the financial year.

For 2023/24 we now need to report quarterly prudential indicators for treasury management and capital which are also provided within this report. All indicators for Q1 are currently being met except for the interest rate risk indicator. This was breached as the indicator was based on anticipated lower loan and investments balances than those subsequently held in the first quarter of 2023/24. This indicator is to be reviewed with our treasury advisors and will be reset as required and submitted for reapproval. The impact of this is low risk.

Cabinet is being asked to approve the Treasury management outturn report and indicators for the 2022/23 financial year.

Cabinet **RESOLVED** to :-

Recommend to Council approval of the Treasury Management outturn report and indicators for 2022/23.

The meeting ended at: TBC

Report Title: Equality, Diversity & Inclusion – Annual progress report on the Equality Action Plan 2021-2023

Report to: Cabinet

URN: 23-160

Date of meeting: 13 November 2023

Responsible Cabinet Member: Cllr Carl Smith, Portfolio Holder for Finance, Governance & Major Projects

Responsible Director / Officer: Executive Director – People, Head of Organisational Development

Is this a Key decision? No

Date added to Forward Plan of Key Decisions if a Key Decision: N/A

SUBJECT MATTER

1. This report summarises progress to deliver Great Yarmouth Borough Council's Equality Action Plan for 2021-2023.
2. Key achievements so far include sector-defining work to contribute to the Government's ambition to make the UK the most accessible tourism destination for disabled people in Europe.
3. The report includes a summary of the Council's workforce profile. There is good evidence that the workforce represents the local population, particularly in relation to ethnicity. This is an excellent indicator that recruitment practices promote race equality, and it also means that the Council performs strongly on workforce representation compared to other UK local authorities.
4. Members are requested to review the pace and impact.

RECOMMENDATIONS:

That Cabinet:

- Review and consider the progress made over the last 12 months against the Council's Equality Action Plan 2021-2023 (summarised below and in detail at **Appendix A**).
- To consider the workforce profile, and the extent to which this reflects the diversity of the local population (set out in detail at **Appendix B**).
- To consider and approve a draft Equality, Diversity and Inclusion Policy at **Appendix C**.
- Gives delegated authority to the Head of Organisational Development to make minor and/or consequential amendments to the Policy for the purpose of keeping it up to date, clarifying its content or interpretation, correcting any errors or omissions, updating it in accordance with changes in legislation, and/or caselaw, or with changes in the management structure.
- To note the latest Census 2021 findings for Great Yarmouth, attached at **Appendix D**.

1. Introduction/background - Empowering Change, Celebrating Progress

1.1 In this year's annual report, we are thrilled to highlight the transformative strides the Council has taken in fostering equality, diversity, and inclusion (EDI). With a renewed commitment to making a positive impact, we are doing things differently, excelling in critical areas, and achieving quick wins that bolster our mission. This report outlines the key accomplishments and strategies that have shaped our journey.

2. The legal context

2.1. Legal Obligations: Under the Equality Act 2010, we have a statutory duty to consider three key principles in our public functions. We are committed to:

- Eliminating discrimination, harassment, victimization, and prohibited conduct
- Advancing equality of opportunity for individuals with protected characteristics (age; disability; race; religion and belief; sex; gender reassignment; sexual orientation; marriage and civil partnership; pregnancy and maternity)
- Fostering positive relations between people with and without protected characteristics

2.2 Accountability: The Act also mandates that we publish measurable and specific equality objectives and report annually on our progress, including workforce diversity.

3. Progress in Year 1 - What Sets Us Apart

Accessibilty Excellence

3.1. Accessible Tourism Destination: Contributing to the UK's ambition to be a leading accessible tourism destination, we've made notable strides in Great Yarmouth:

- *The Marina Centre:* A shining example of accessibility, our state-of-the-art Marina Centre sets new standards in inclusivity.
- *Fire on the Water:* An inclusive event lighting up the Venetian Waterways, welcoming diverse visitors.
- *Winter Gardens Revival:* Ensuring this iconic place remains an inclusive space for all.
- *Digital Inclusion:* Improving accessibility for all through digital technology through WCAG Level AA Regulations, enabling everyone to engage with our services independently.

Proactive policy & data Analysis

3.2. Understanding our workforce profile: An analysis has been undertaken of the extent to which our workforce reflects the diverse population of Great Yarmouth (Appendix B).

3.3. New EDI Policy: We've developed a comprehensive Equality, Diversity, and Inclusion Policy to guide decision-making throughout the Council (Appendix C)

3.4. Census insights: We've analysed Census 2021 data to understand Great Yarmouth's evolving demographic profile, embracing diversity (Appendix D)

3.5. Equality Impact Assessment Tool: Creating a simplified yet effective tool to ensure all proposals promote equality and minimise disadvantage for individuals with protected characteristics.

3.6. Complex Yet Necessary: Recognising the diverse needs of our community, we strive for the flourishing of everyone.

Training and Engagement

3.7 Interactive Equality Impact Assessment Training: An interactive training module on equality impact assessments. This is ready to roll out when the tool for conducting equality impact assessments is completed.

3.8 Workforce Engagement: Engaging 350 staff members to brief them on the new Equality Action Plan, and to work with them to consider changes we can make to ensure that our services are accessible and inclusive. A key focus is working with our service users to continue to deliver excellent and responsive services, that meet everybody's needs.

3.9 Transparency: Our commitment to transparency includes the annual publication of gender pay gap data.

Disability Confident and Cultural Connections

3.10 Disability Confident Leader: Achieving Disability Confident Leader status, a testament to our commitment to inclusivity, and one of only two employers in the Borough who currently have this status.

3.11 Cultural Connections Programme: Facilitating wide participation in volunteering and cultural activities with the Access Grant fund, ensuring barriers to inclusion are overcome.

3.12 Project Search: an employment focussed educational programme for students with learning difficulties or on the autism spectrum. We have 4 placements this year, offering 12 month work placements to support students to develop employability skills and real life experience in work placements.

4. The diversity of our workforce profile

4.1. An analysis has been undertaken of the extent to which our workforce reflects the diverse population of Great Yarmouth.

4.2. This is important, because the more a workforce reflects the local population, the greater reassurance there can be that we represent the people we serve – and that there is no bias in recruitment.

4.3. The Council performs strongly in this area – and in some areas exceeds requirements.

4.4. Broadly speaking, the workforce reflects local demographics. In particular, more ethnic minority staff are employed compared to the population as a whole and minority faith groups are represented.

4.5. The exception to this is that the number of staff declaring a disability (6.95%) is less than the number of disabled people in Great Yarmouth as a whole (21.6%).

4.6. It is likely that the Council has more disabled staff than have currently declared. This mirrors a trend seen in other local authorities - staff may have a health condition that meets the criteria in the Equality Act 2010, but do not see themselves as disabled so do not declare it.

4.7. In view of this, the Council will engage with disabled staff over the coming months to consider any barriers to recruitment or employment, and how best to address these. This will enable the Council to actively develop itself as an inclusive employer, to encourage applications from disabled people in the borough. The Council uses blind recruitment practices, eliminating unconscious bias in the hiring process.

4.8. It is important to note that the numbers of staff declaring their protected characteristics are higher than many other local authorities.

4.9. This is a good indicator of an organisation where staff feel safe to declare this information and understand that the data is confidential and will never be attributed to individuals.

4.10. Full details are set out in **Appendix B**.

For full details of all improvement actions and progress over the last 12 months, please see **Appendix A.**

5. Next steps

5.1. Over the next 12 months, work will continue to implement the action plan. Cabinet will receive an annual report to enable elected members to monitor and review progress.

6. Financial implications

6.1. The actions detailed in this report can be met within existing budgets and resources.

7. Risk implications

7.1. The Council has monitored potential risks for failure to comply with statutory equality duties. This risk is regularly reviewed by departmental managers.

8. Equality impact assessment

8.1. This report sets out how Great Yarmouth Borough Council has given due regard to equality to comply with the Equality Act 2010 including the public sector equality duty. The aim of this is to ensure that the Council continues to take full account of equality, diversity and inclusion when planning, commissioning and delivering services and, where necessary, puts actions in place to address barriers faced by people with protected characteristics.

Appendix A

Great Yarmouth Borough Council – Equality Action Plan 2021 to 2023

Version 1.0 (Updated October 2023)

STATUS (Source: LGA Framework)

Developing: An organisation at the Developing level has made an organisational commitment to improving equality. It is putting in place processes to deliver on equality issues and is working towards meeting and exceeding the statutory requirements. **D**

Achieving: An organisation at the Achieving level has policies, processes and procedures in place and is delivering some good equality outcomes. It is not only meeting but can demonstrate it is exceeding statutory requirements. **A**

Excellent: An organisation at the Excellent level has mainstreamed equality throughout the organisation and can demonstrate that it is delivering significant outcomes across its services that are making a difference in its communities. The organisation not only exceeds statutory requirements, and it is an exemplar council for equality and diversity in the local government and wider public sector. **E**

Equality Priority 1: Understanding and supporting our communities

***Rationale**: To enhance understanding and promote equality and diversity across the borough of Great Yarmouth. Good data equality analysis enables an understanding of the differences in outcomes and opportunities experienced by people in different communities in key areas of life such as health, education, community safety, housing quality, access to work and so on. Equality analysis is about identifying where the outcomes and opportunities gaps are for different communities, including those sharing the protected characteristics.*

	What	Actions	Progress	Timescale	Lead	
1.1	**Collecting and sharing information**	• Engage with service users to identify specific communications needs and where we can improve our communication methods.	A consultation survey has been designed, to engage with service users digitally		Head of Customer Services	**D**

Equality Priority 1: Understanding and supporting our communities						
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	What	**Actions**	**Progress**	**Timescale**	**Lead**	
			and physically in our buildings. The survey is accessible for disabled people and staff will be on hand to assist members of the public who need support to complete it. The Survey results have shown…	Q1 2022/23		
		• Refresh corporate website and accessibility statement including publication of accessible policy and guidance. • Provide a feedback loop from service users to help the council improve on access to information.	We are addressing the findings of our independent website audit to meet the Web Content Accessibility Guide lines (WCAG) Level AA Regulations. This includes improving access for blind and partially sighted people who use screen reading technology to access our information. You can find our accessibility statement on our website.		IMT Manager	

Equality Priority 1: Understanding and supporting our communities						
***Rationale**: To enhance understanding and promote equality and diversity across the borough of Great Yarmouth. Good data equality analysis enables an understanding of the differences in outcomes and opportunities experienced by people in different communities in key areas of life such as health, education, community safety, housing quality, access to work and so on. Equality analysis is about identifying where the outcomes and opportunities gaps are for different communities, including those sharing the protected characteristics.*						
	What	**Actions**	**Progress**	**Timescale**	**Lead**	
		• Review tone of voice for external communication materials and channels.	Work ongoing and embedded in communications.		Head of Marketing & Communications	
1.2	**Analysing and using data and information**	• Understand and benchmark the make-up of the borough's population. • Map health inequalities.	An analysis of the Census 2021 findings is complete and attached at **Appendix D.**	Ongoing	Senior Information & Performance Officer	**D**
1.3	**Effective community engagement**	• Facilitate community engagement and conversations that reach out to seldom heard cohorts and hear their voice. • Deliver the Community Champions' Programme which targets harder-to-reach (seldom-heard) residents. • Support and facilitate the Great Yarmouth Multicultural & Faith Network bringing residents and agencies together.	Our 'Great Yarmouth Multicultural & Faith Network' brings together people and organisations from a diverse range of communities in Great Yarmouth. The network plays a key role in our place shaping and keeping communities at the heart of local service planning and design. Meetings continue to take place monthly along with Community Champion online meet ups and in person community	Ongoing	Executive Director - People Head of Customer Services Head of Health, Integration & Communities	**D**

Equality Priority 1: Understanding and supporting our communities						
***Rationale**: To enhance understanding and promote equality and diversity across the borough of Great Yarmouth. Good data equality analysis enables an understanding of the differences in outcomes and opportunities experienced by people in different communities in key areas of life such as health, education, community safety, housing quality, access to work and so on. Equality analysis is about identifying where the outcomes and opportunities gaps are for different communities, including those sharing the protected characteristics.*						
	What	**Actions**	**Progress**	**Timescale**	**Lead**	
		• Council staff undertaking Community Voice conversations with seldom-asked residents to gather qualitative data on priorities for local people, with the information being shared internally to inform decision making and provide evidence for funding applications. • Enact the Residents' Engagement Strategy.	partnership monthly meetings. Community Champion numbers continue to grow, and the sign-up process is being reviewed and updated to be more accessible for residents.		Head of Housing Assets	
1.4	**Fostering good community relations**	• Develop and deliver external communications to promote equality, diversity and inclusivity. • Ensure staff understand how to access translation services.	A 'cultural calendar' has been produced, setting out key equality and faith events during the course of the year. Equality is being promoted via social media channels informed by analytics on reach and engagement.	Ongoing	Head of Communications & Marketing Head of Organisational Development	**D**
1.5	**Participation in public life**	• Continue outreach work and campaigns to support participation in public life and ceremonial events including protected groups.	The Council actively involves local people, including underrepresented groups,	Ongoing	Chief Executive	**A**

Equality Priority 1: Understanding and supporting our communities

***Rationale**: To enhance understanding and promote equality and diversity across the borough of Great Yarmouth. Good data equality analysis enables an understanding of the differences in outcomes and opportunities experienced by people in different communities in key areas of life such as health, education, community safety, housing quality, access to work and so on. Equality analysis is about identifying where the outcomes and opportunities gaps are for different communities, including those sharing the protected characteristics.*

	What	Actions	Progress	Timescale	Lead	
			in opportunities for public participation e.g. Remembrance, Civic Reception, use of the Town Hall etc.		Head of Communications & Marketing	

Equality Priority 2: Leadership, partnership and organisational commitment

Rationale *Narrowing equality gaps and improving the life chances of different groups will requires a pooling of evidence, resources and action planning. Strategic leadership – both political and managerial – is key to establishing a strong vision for equality and improving equality outcomes. Local councillors in particular have a central role to play in ensuring that equality issues are integral to the local authority's performance and strategic aims, and that there is a strong vision and public commitment to equality across public services.*

	What	Actions	Outcome	Timescale	Lead	Status
2.1	**Leadership priorities and working in partnership**	• Senior leaders demonstrate commitment and due regard to equalities in decision making. • Ensure Corporate Plan, Annual Action Plan and Performance Reports demonstrate adherence to the equalities agenda.	Policy and Resources Committee has agreed the Equality Action Plan 2021 to 2023 and Cabinet scrutinises progress on an annual basis. The executive leadership team reviews progress quarterly, and briefs elected members on issues that require a member decision.	Ongoing	Chief Executive Leader	**D**
2.2	**Assessing equality impact in policy and decision taking**	• Review and update Great Yarmouth Borough Council's approach to Equality Impact Assessments (EqIAs). • Review and update the Council's policy on making accessible information for all.	Extensive work has taken place to develop an in-house EqIA screening and reporting template. This takes account of changing case law in relation to sex and gender, and the new	Q4 2021/22	Head of Organisational Development Senior Information &	**D**

Equality Priority 2: Leadership, partnership and organisational commitment						
Rationale *Narrowing equality gaps and improving the life chances of different groups will requires a pooling of evidence, resources and action planning. Strategic leadership – both political and managerial – is key to establishing a strong vision for equality and improving equality outcomes. Local councillors in particular have a central role to play in ensuring that equality issues are integral to the local authority's performance and strategic aims, and that there is a strong vision and public commitment to equality across public services.*						
	What	**Actions**	**Outcome**	**Timescale**	**Lead**	**Status**
			armed forces covenant duty. 'Care leavers' has also been included, to ensure that young people leaving care receive full consideration. The template asks a range of prompts and questions to support staff to assess relevant issues and gather the right evidence. A training offer has also been developed (which can be delivered both virtually and physically). Launch is planned 2023-2024.		Performance Officer	
2.3	**Equality objectives and annual reporting**	• Present annual report to Cabinet and the Executive Leadership Team on equality, diversity and inclusivity in practice including an annual health check of equality, diversity and inclusivity data.	The first year of annual reporting has commenced. This report sets out progress to enable elected members and relevant	Q1 each year	Head of Organisational Development	**A**

Equality Priority 2: Leadership, partnership and organisational commitment

Rationale *Narrowing equality gaps and improving the life chances of different groups will requires a pooling of evidence, resources and action planning. Strategic leadership – both political and managerial – is key to establishing a strong vision for equality and improving equality outcomes. Local councillors in particular have a central role to play in ensuring that equality issues are integral to the local authority's performance and strategic aims, and that there is a strong vision and public commitment to equality across public services.*

	What	Actions	Outcome	Timescale	Lead	Status
			stakeholder to review performance.	Quarterly	Head of Organisational Development	
2.4	**Performance monitoring and scrutiny**	• Review and update the Council's Equality Monitoring Policy and guidance. • Monitor discrimination complaints and take appropriate action. • Publish Equality Monitoring Policy online.	Following Cabinet's consideration and approval, this report will be published as part of meeting the public sector general equality duty. A draft Equality, Diversity and Inclusion Policy has been developed and is set out for consideration at **Appendix C.**	Q1 2022/23 Ongoing	Head of Legal & Governance Head of Organisational Development	**D**

Equality Priority 3: Responsive services and customer care

Rationale *Public services must meet the needs of a diverse range of local communities and individuals. The social and economic make-up of places varies greatly and is dynamic over time. Users of a local authority's services should be treated with dignity and respect and have their human rights protected. Excellent service providers are proactive, rather than reactive, and are able to consider interrelated and long-term outcomes.*

	What	Actions	Outcome	Timescale	Lead	Status
3.1	**Commissioning and procuring services**	• Embed equalities in new Procurement Strategy. • Provide training of equality requirements for contract managers. • Ensure links to the Equality, Diversity & Inclusivity Strategy are contained in any contract/specification documentation.	As mentioned above, a draft Equality, Diversity and Inclusion Policy has been developed and is set out for consideration at **Appendix C.** Following approval by elected members, all suppliers will be required to adhere to the policy. Suppliers will be asked to produce evidence of how they will comply with the policy.	Q2 2022/23	Head of Legal & Governance	**D**
3.2	**Integration of equality objectives into service planning**	• Ensure our high quality natural and built environments are as accessible and inclusive as possible including seeking ways to improve and enhance our compliance with the Equality Act 2010. • Have due regard to equalities in Service Plans.	In 2022, Great Yarmouth was named as one of the top 10 spots in the UK for a staycation, according to research by Travelodge. Significant, sector-leading work has been undertaken	Ongoing Ongoing	Executive Director - Place Major Projects & Development Director	**D**

Equality Priority 3: Responsive services and customer care

Rationale *Public services must meet the needs of a diverse range of local communities and individuals. The social and economic make-up of places varies greatly and is dynamic over time. Users of a local authority's services should be treated with dignity and respect and have their human rights protected. Excellent service providers are proactive, rather than reactive, and are able to consider interrelated and long-term outcomes.*

	What	Actions	Outcome	Timescale	Lead	Status
			to improve accessibility of the Marina Centre, the Fire on the Water event and will shortly start on the Winter Gardens project.		Management Team	
3.3	**Service delivery**	• Continue working with multi-agency partner organisations and commissioned services to reduce inequality in all of our communities as set out in the Great Yarmouth Locality Strategy. • Create an action plan against the Great Yarmouth Locality Strategy which is co-designed with partners to map delivery and progress – completed action plan and working groups are tracking the positive actions arising from the collaboration. • Monitor and analyse client equality data and use to inform future service provision.	Health inequalities reducing. Community safety improving.	Ongoing Quarterly	Executive Director - People Head of Customer Services/ Head of Housing Assets	**D**

Equality Priority 4: Diverse and engaged workforce

Rationale: *To promote equality and diversity, we need to ensure that our role as an employer reflects the role we have as a service provider. Our human resources (HR) policies and procedures should reflect good practice in equality and diversity. Anyone applying to the Council for a job or working for us should feel confident that they are treated fairly.*

	What	Actions	Outcome	Timescale	Lead	Status
4.1	**Workforce diversity**	• Develop and implement plans to ensure the composition of the workforce reflects that of the borough's population. • Promote self-declaration of protected characteristics amongst staff and members. • Develop specific targeted recruitment campaign(s) to bridge any gaps. • Develop retention and progression for marginalised cohorts within the workforce.	We have analysed the Census 2021 findings to consider Great Yarmouth's demographic profile to compare whether our workforce reflects the diversity of the local population. This is a good way for us to measure whether our recruitment processes are fair and whether we reflect the population we serve. Full details are set out elsewhere in this report.	Q4 2021/22 Ongoing As required As required	Head of Organisational Development	**D**
4.2	**Inclusive strategies and policies**	• Ensure all HR policies have due regard to equalities.	An equality impact assessment has been drafted to guide organisational change.	Ongoing	Head of Organisational Development	**A**

Equality Priority 4: Diverse and engaged workforce

Rationale: *To promote equality and diversity, we need to ensure that our role as an employer reflects the role we have as a service provider. Our human resources (HR) policies and procedures should reflect good practice in equality and diversity. Anyone applying to the Council for a job or working for us should feel confident that they are treated fairly.*

	What	Actions	Outcome	Timescale	Lead	Status
4.3	**Collecting, analysing and publishing workforce data**	• Collect, compile and publish workforce data. • Action an annual employee survey looking at how well the Council is delivering its EDI Strategy and Equalities Action Plan. • Establish Diversity Champions to support EDI within the Council.	Workforce survey informs data. Workforce data including gender pay gap data published. Equality Champions in place.	Annually	Head of Organisational Development	**A**
4.4	**Learning and Development**	• Incorporate equalities training in workforce development plan. • Investigate benchmarking and Award Schemes to drive improvement and deliver best practice in equality, diversity and inclusivity.	A review is complete. A range of bench marking schemes are available for equality, including: • Disability Confident benchmark • Employers Network for Equality & Inclusion • Business Disability Forum • Gender - Business in the Community • Race - Business in the Community • Stonewall	Q4 2021/22 Ongoing	Head of Organisational Development	**D**

Equality Priority 4: Diverse and engaged workforce

Rationale: *To promote equality and diversity, we need to ensure that our role as an employer reflects the role we have as a service provider. Our human resources (HR) policies and procedures should reflect good practice in equality and diversity. Anyone applying to the Council for a job or working for us should feel confident that they are treated fairly.*

	What	Actions	Outcome	Timescale	Lead	Status
			• Workplace Wellbeing Index - Mind			
4.5	**Health and wellbeing**	• Develop regular internal communications to promote equalities-related events and celebrations. • Working with Staff Engagement Group (SEG), establish focus/support groups. • Work with the SEG to gauge interest in developing staff focus groups e.g. LGBTQ+	In 2022 we brought together 350 staff to brief them on the new Equality Action Plan, and plan to work with them to consider the changes we can make to ensure that our services are accessible and inclusive. We have explored potential options to creating staff advisory groups. We have developed guidance for staff on understanding pronouns.	From Q1 2022/23 onwards	Head of Organisational Development	**A**

Appendix B

Great Yarmouth Borough Council Workforce profile for 2022-2023

Introduction

1. Great Yarmouth Borough Council has a legal duty under the Equality Act 2010 to publish an annual report to set out the diversity of the workforce and to demonstrate compliance with the Public Sector Equality Duty.

2. The reporting period is 1 April 2022 to 31 March 2023.

Number of staff employed (headcount) and full time equivalent (FTE)

3. In March 2023, the staff headcount totalled 446 (385 FTE).

4. This represented an increase in headcount of 35 (22 FTE) since April 2022.

Full or part time

5. There are 317 people employed full time and 125 part time.

Sex of workforce, in relation to full and part time workers

6. Broadly speaking, the Council employs more women than men. This trend is consistent with other UK local authorities:

   - For full time workers (317 in total), 42.9% are male and 56.78% are female.
   - For part time workers (125 in total) – 25.6% are male and 74.4% are female.
   - Approximately 1% of workforce is trans or non-binary.

7. Typically, in local government, women tend to be over-represented in part time roles. Research indicates that this is because more women than men choose part time working to accommodate parenting and caring responsibilities.

Age bands of staff

8. The age profile of the workforce broadly reflects the age profile of the borough (60% of the Great Yarmouth population is aged 15 to 64 years). It is unknown whether all staff come from the local area or if some commute.

9. The age bands underlined below are the largest overall, which is in line with other UK local authorities (the average age of local government employees is 44+):

15-19 years - 0	40-44 years - 52	60-64 years - 42
20-24 years - 16	45-49 years - 59	65-69 years - 17
25-29 years - 26	50-54 years - 79	70+ years - 4
30-34 years - 39	55-59 years - 72	
35-39 years - 40		

Ethnicity of staff

10. The proportion of ethnic minority staff employed is 5.83%, which is slightly more than the proportion of ethnic minority residents residing in Great Yarmouth as a whole (5.4%).

11. Details are set out below:
    - White British – 95.74%
    - Asian or Asian British – 1.35%
    - Black, African, Caribbean, or Black British – 0.9%
    - Mixed or multiple ethnic groups – 0.67%
    - Other ethnic group –0.45%
    - Undisclosed – 0.9%.

12. The ethnic groups of staff broadly reflect the proportions of ethnic groups in Great Yarmouth as recorded in the Census 2021.

Disability

13. 6.95% of the workforce declared a disability and 91.26% of the overall workforce declared no disability. 1.79% of the workforce did not declare their disability status.

14. The number of staff declaring a disability is less than the number of disabled people in Great Yarmouth as a whole (21.6%), as recorded in the Census 2021.

15. It is likely that the Council has more disabled staff than have currently been declared. This mirrors a trend that is seen in other local authorities. One explanation is that staff may have a health condition that meets the criteria in the Equality Act 2010, but do not see themselves as disabled so do not declare it.

16. In view of this, an action arising from this analysis is for the Council to engage with disabled staff, to consider any barriers to recruitment or employment, and how best to address these. This would enable the Council to actively develop itself as an inclusive employer, to encourage applications from disabled people in the borough.

17. Broadly speaking, the majority of disabilities declared by staff relate to physical impairments or conditions, and/or sensory loss.

18. Disabled staff range in age from 29 to 64 and the majority are female (which could be linked to the higher number of women employed).

19. A small number of staff identify as neurodivergent (0.9% of the workforce).

Religion and belief

20. Within the workforce, most faiths are represented.

21. The largest category within the workforce is Christian (49.55%).

22. Following this, the next largest is 'Atheist' (18.6%) with a further 4.93% specifying 'No religion' (making the total no religion 23.54%).

23. 19.96% of the workforce did not declare their religion or belief.

24. Most other faiths are represented in the workforce; these include Buddhism, Hinduism, Humanists, Islam, Jainism, Jehovah's Witness, Pagan and other (exact numbers have not been provided as the numbers are small).

Sexual orientation

25. 86.55% of staff identify as heterosexual. Around 3.59% of the workforce identify as lesbian, gay, bisexual or pansexual (LGBTQ+). The remainder did not declare.

26. This is a good reporting rate, as some people do not wish to declare their sexual orientation for privacy reasons (particularly older people). The percentage of staff declaring that they are LGBTQ+ is in line with the local population.

Confidentiality of data

27. The information set out in this report is anonymous and never attributed to individuals. It has been collected from our management information systems. We also collect information through our employee experience survey.

28. We collect data on all the protected characteristics at different stages of the employee lifecycle. This enables the Council to analyse and assess the impact of policies, procedures, practices and decisions on specific groups and to identify where action is required to remedy any disadvantage and ensure equality of opportunity for all.

Appendix C

Draft Equality, Diversity & Inclusion Policy 2023

Introduction

1. Great Yarmouth Borough Council is committed to promoting equality of opportunity. We respect and value difference in our people and communities, and we want everyone to feel included and able to play their part in making Great Yarmouth a great place to live, work and visit.

2. We will:
   - Promote equality of opportunity between people who share a 'protected characteristic' and people who do not share it.
   - Take steps to remove inequalities that may exist for people with protected characteristics.
   - Never treat anyone less favourably than any other, except when such treatment is within the law and determined by lawful requirements.
   - Never tolerate prejudice or unlawful discrimination, harassment, victimisation or bullying on any grounds, and take action to eradicate it if ever it occurs.
   - Promote understanding and foster positive relations between different communities.
   - Engage with our different communities fairly and proportionately.
   - Promote a workforce culture that values and respects difference.
   - Encourage people who share a protected characteristic to participate in public life or in any other activity in which participation is disproportionately low.

Accessibility and inclusive design

3. We are committed to planning and commissioning public services and a workforce environment that can be accessed, understood and used to the greatest extent possible by all people regardless of their ability or disability.

4. When reviewing or redesigning our public services or workforce opportunities (or any building, facility, utility, fixture, fitting, product, service, policy or procedure in the environment, including technology, information and communication) we will be guided by the following:

   (a) Provide the same means of use to enable access for all users: identical whenever possible or equivalent when not

   (b) Avoid segregating or stigmatising any users

(c) Provisions for privacy, security and safety shall be equally available to all users

(d) Ensure dignity in use for all users.

Reasonable adjustments for disabled people

5. Where something the Council does places a disabled person[i] at a substantial disadvantage compared to a non-disabled person, we will take all reasonable steps to try to avoid that disadvantage or make reasonable adjustments where appropriate. This may mean changing the way we work, providing extra equipment or removing physical or other barriers.

Our responsibilities under the Public Sector Equality Duty

6. When exercising public functions, we will have due regard to the Public Sector Equality Duty. This means that when we plan, commission or make decisions about services or workforce matters we will consider equality and where appropriate, we will document this in an equality impact assessment[ii].

7. We will comply with the specific duties by:

- Publishing information each year by 31 January to demonstrate our compliance with the Public Sector Equality Duty
- Publishing relevant and proportionate equality objectives at least every four years, to deliver the aims of this policy.

Staff learning and development

8. Great Yarmouth Borough Council provides induction training for all staff, which includes an introduction to equality, diversity and inclusion. Continuing professional development is also available.

This policy affects:

9. Elected members and all workers (including employees, consultants, temporary workers, agency staff and other third parties working on behalf of Great Yarmouth Borough Council) are required to comply with this policy.

10. Suppliers, sub-contractors and agencies which are in our supply chain or which we commission are also required to comply.

11. We expect all staff to take responsibility for familiarising themselves with this policy and conducting themselves in an appropriate manner.

This policy applies to the following public functions:

12. The policy applies to (but is not limited to) the exercising of all public functions, including: planning, design, operation, construction and delivery of services; procurement and commissioning; premises management and capital investment; the provision of goods, facilities and equipment; recruitment and selection; conditions of service; employment benefits, pay, training and development; opportunities for promotion; conduct at work; employment policy, procedures and guidance; and termination of employment.

Relevant legislation

13. In implementing this policy, we will have regard to our legal obligations under relevant legislation, including:

- Down Syndrome Act 2022
- British Sign Language Act 2022
- Armed Forces Covenant Duty 2022
- The Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018
- Modern Slavery Act 2015
- The Public Contracts Regulations 2015 (Regulation 42) - the requirement to include accessibility criteria for disabled persons.
- The Equality Act 2010 (which includes the Public Sector Equality Duty)
- Autism Act 2009
- Approved Document M of the Building Regulations – which set out access requirements when new building works are carried out and British Standard 8300-1 and BS8300-2
- The Accessible Information Standard (applicable to organisations delivering adult social care)

Communication

14. This policy will be published on Great Yarmouth Borough Council's website.

Review

15. We will keep this policy and any associated codes of practice under annual review.

Complaints

16. We regard any breach of this policy as a serious matter to be dealt with through agreed procedures and this may result in disciplinary action.

17. We encourage anyone who has a complaint concerning a breach of this policy to bring this to our attention immediately by following our complaints procedure.

Further information

18. For further information please contact the Head of Organisational Development.

Related Great Yarmouth Borough Council policies

19. The following documents should be considered in conjunction to this policy:

- Bullying, harassment and discrimination policy

Appendix D

Census 2021 - Great Yarmouth's demographic profile

Introduction

At the time of the Census 2021, the population of Great Yarmouth was 99,745.

91% of Great Yarmouth residents who responded to the Census said that their address was the same in 2020 as it was in 2021 (this information is collected to show migration).

Age

- 16% of the population are under 15 years, 60% are between 15 and 64 years and 24% are over 65 years.

Sex

- 51% of residents were female and 49% were male.
- Great Yarmouth is the only Norfolk district other than Norwich to have a higher than UK average proportion of people with a trans or non-binary gender identity (0.62%)

Disability

- 9.7% of residents are disabled under the Equality Act definition of 'limited a lot',
- 11.9% are disabled under the Equality Act definition of 'limited a little'
- 78.4% are not disabled under the Equality Act.

Ethnicity

- 90% of residents (89,995) were born in the UK. Other countries of birth (excluding Europe) include 1.8% from Middle East/Asia; 1.1% from Africa; 0.4% from Americas and the Caribbean and 0.1% from Antarctica and Oceania. This is broadly in line with the rest of Norfolk.
- 94.6% of Great Yarmouth residents are White British (this compares to 94.7% in Norfolk and 81% in England).
- 1.9% (1936 people) of residents are Asian/Asian British/Asian Welsh. This compares to 2.1% in Norfolk and 9.6% in England.
- 1.1% (1104 people) of residents are Black/Black British/Black Welsh/Caribbean/African. This compares to 0.9% in Norfolk and 4.2% in England.
- 1.6% (1575 people) residents are from Mixed or Multiple ethnic groups. This compares to 1.6% in Norfolk and 3% in England.
- 0.8% (774 people) residents are from another ethnic group. This compares to 0.7% in Norfolk and 2.2% in England.

Religion and belief

- 47% (46564) of residents are Christian
- 45% are of no faith
- 0.7% (723) are Muslim
- 0.5% (537) have a different religion
- 0.4% (351) are Hindu
- 0.3% (267) are Buddhist
- 0.1% (63) are Jewish
- 37 people are Sikh (note figure is too low to provide a percentage)
- 6% did not answer the question.

Sexual orientation (this was a voluntary Census question only asked of over 16-year-olds)

- 89.48% of residents said they are straight or heterosexual
- 1.31% are gay or lesbian
- 1.06% are bisexual
- 0.26% are pansexual
- 0.06% are asexual
- 0.01% are queer
- 0.02% are another sexual orientation
- 7.8% did not provide an answer (for more information see Sexual orientation, England and Wales - Office for National Statistics (ons.gov.uk)

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[i] **The definition of disability -** The definition of disability is set out in the Equality Act 2010, Part 6: 'A physical or mental impairment which has a substantial and long term effect on a person's ability to carry out normal day to day activities'. A person must meet all elements of this definition in order to satisfy the requirements of the Equality Act 2010 and trigger the duty to make reasonable adjustments.

[ii] **The Public Sector Equality Duty and equality impact assessments -** Under the Equality Act 2010, public bodies like Great Yarmouth Borough Council must have due regard to the following when exercising their public functions:

- Eliminating discrimination, harassment, victimisation
- Advancing equality of opportunity between people who share a 'protected characteristic' and people who do not share it

- Fostering good relations between people who share a protected characteristic and people who do not share it.

This is called the Public Sector Equality Duty. In essence, the duty requires Great Yarmouth Borough Council to thoroughly consider the equality issues of a proposal or decision before going ahead with it. This can be assisted by carrying out an equality impact assessment.

Report Title: **2023/24 TREASURY MANAGEMENT MID YEAR REPORT**

Report to: **Cabinet and Council**

Date of meeting: 13 November 2023, 14 December

Responsible Cabinet Member: Cllr Carl Smith, Portfolio Holder for Governance, Finance and Major Projects

Responsible Director / Officer: Financial Services Manager

Is this a Key Decision? No

Date added to Forward Plan of Key Decisions if a Key Decision:

EXECUITVE SUMMARY

This report presents for the 2023/24 financial year the following:

1. The mid-year position for treasury management;
2. The borrowing requirement and debt for the current financial year;
3. The mid-year borrowing position;
4. Reporting on quarter 2 2023/24 treasury and capital prudential indicators

compared with the Treasury Management Strategy and Investment Strategy

RECOMMENDATIONS :

That Cabinet recommend to Council:
To approve the treasury management half yearly report for 2023/24 and the amended target as outlined at 9.10.

1. INTRODUCTION AND BACKGROUND

1.1. The Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve treasury management semi-annual and annual reports.

1.2. This report includes the new requirement in the 2021 Code, mandatory from 1st April 2023, of quarterly reporting of the treasury management prudential indicators. The non-treasury prudential indicators are incorporated in the Council's normal quarterly Capital report.

1.3. The Councils treasury management strategy for 2023/24 was approved by Council on 21st February 2023. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Councils treasury management strategy.

1.6 This report provides a monitoring position for the first six months of the 2023/24 financial year.

2. LOCAL CONTEXT

2.1 On 31 March 2023, the Council had net borrowing of £108.176 million arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary	**31.3.23 Actual £m**	**31.3.24 Forecast £m**
General Fund CFR	£76.424	£101.300
HRA CFR	£91.306	£93.400
Total CFR	**£167.730**	**£194.700**
Less: *Other debt liabilities	(£0.564)	(£0.500)
Loans CFR	**£167.166**	**£194.20**
Less: External borrowing	(£108.176)	(£88.386)
Internal (over) borrowing	£58.990	£105.814
Less: Balance sheet resources	(£58.990)	(£66.100)
New borrowing	**£0.000**	**£39.714**

** Finance leases, transferred debt that form part of the Councils total debt*
*** shows only loans to which the Council is committed and excludes optional refinancing*

2.2 The treasury management position on 30 September 2023 and the change over the period is shown in Table 2 below.

Table 2: Treasury Management Summary	**31.3.23 Balance £m**	**2023/24 Movement £m**	**30.9.23 Balance £m**	**30.9.23 Rate %**
Long-term borrowing				
- PWLB	£71.385	£0.00	£71.386	3.15%-4.40%
- LOBO's	£3.000	£0.00	£3.000	4.95%
- Other	£14.100	(£0.100)	£14.000	3.35%-4.65%
Short-term borrowing	£33.001	(£4.901)	£28.100	3.90%-5.60%
Total borrowing	**£121.486**	**(£4.949)**	**£116.537**	
Long-term investments	£1.000	£0	£1.000	N/A
Short-term investments	£9.000	£0	£9.000	0.15%-0.30%
Cash and cash equivalents	£3.310	£1.260	£4.570	5.29%
Total investments	**£13.310**	**£1.260**	**£14.570**	
New borrowing / (Treasury Investments)	**£108.176**	**(£6.209)**	**£101.967**	

Note: the figures in the table are from the balance sheet in the Council's draft statement of accounts, but adjusted to exclude operational cash, accrued interest and other accounting *adjustments. Long-term investments consist of CCLA Property Fund a mid-long-term strategic investment and short-term investments consist of Local Authorities.*

2.3 The decrease in net borrowing in table 2 is result of a fall in short-term borrowing. The requirement to borrow has reduced due to increased internal resources this is largely as a result of Government grant funding being received, but not yet utilised on capital projects.

3 BORROWING

3.1 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Council.

3.2 The Authority has not invested in assets primarily for financial return or that are not primarily related to the functions of the Authority. It has no plans to do so in future.

4 BORROWING ACTIVITY – MID YEAR

4.1 As outlined in the treasury strategy, the Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

4.2 There was a substantial rise in the cost of both short- and long-term borrowing over the last 18 months. Bank Rate rose by 1% from 4.25% at the beginning of April to 5.25% at the end of September. Bank Rate was 2% higher than at the end of September 2022.

4.3 UK gilt yields were volatile, mainly facing upward pressure since early April following signs that UK growth had been more resilient, inflation stickier than expected, and that the Bank of England saw persistently higher rates through 2023/24 as key to dampening domestic demand. Gilt yields, and consequently PWLB borrowing rates, rose and broadly remained at elevated levels. On 30th September, the PWLB certainty rates for maturity loans were 5.26% for 10-year loans, 5.64% for 20-year loans and 5.43% for 50-year loans. Their equivalents on 31st March 2023 were 4.33%, 4.70% and 4.41% respectively.

4.4 A new PWLB HRA rate which is 0.4% below the certainty rate was made available from 15th June 2023. Initially available for a period of one year, this discounted rate is to support local authorities borrowing for the Housing Revenue Account.

4.4 At 30th September 2023 the Council held £116.537m of loans, an decrease of £4.9m to 31st March 2023, as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 30th September are summarised in Table 3 below.

Table 3: Borrowing Position	31.3.23 Balance £m	Net Movement £m	30.9.23 Balance £m	30.9.23 Rate %	30.9.23 Maturity (years)
Public Works Loan Board	£71.386	£0	£71.386	3.15%-4.40%	10-40
*Banks (LOBO)	£3.000	£0	£3.000	4.95%	1-2
Banks (fixed term)	£7.000	£0	£7.000	3.35%-3.98%	<42-55
Local authorities (long-term)	£7.100	(£0.049)	£7.051	4.22%-4.44%	>1
Local authorities (short-term)	£33.000	(£4.900)	£28.100	3.90%-5.60%	<1
Total borrowing	**£121.486**	**(£4.949)**	**£116.537**		

**The LOBO has a call option which the lender can exercise every 5 years the next call date is November 2024*

4.4 The Council's short-term borrowing cost has continued to increase with the rise in Bank Rate and short-dated market rates. The average rate on the Council's short-term loans at 30th September 2023 of £28.1m was 4.75%, this compares with 0.28% on £18m loans 12 months ago.

Table 3B: Long-dated Loans borrowed	Amount £m	Rate %	Period (Years)
PWLB Maturity Loan	£5.000	4.25%	30-35 years
PWLB Maturity Loan	£3.000	4.40%	25-30 years
PWLB Maturity Loan	£5.000	3.70%	20-25 years
PWLB Maturity Loan	£27.000	3.47%-3.49%	15-20 years
PWLB Maturity Loan	£24.000	3.37%-3.46%	10-15 years
PWLB Maturity Loan	£7.383	3.15%-3.34%	5-10 years
Bank Loan	£7.000	3.35%-3.98%	40-55 years
Bank LOBO Loan	£3,000	4.95%	1 - 2 years
Local Authority Loan	£1,051	4.44%	5-10 years
Total borrowing	**£82,434**		

4.5 The Councils borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short- and long-term borrowing was maintained.

4.6 There remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields + 0.80%. The Council will evaluate and pursue these lower cost solutions and opportunities with its advisor Arlingclose.

4.7 The UK Infrastructure Bank is one alternative source of funding which offers funding at gilt yields + 0.40% (0.40% below the PWLB certainty rate) and the possibility of more flexible funding structures than the PWLB. Funding from UKIB is generally only available for certain types of projects that meet its criteria of green energy, transport, digital, water and waste. The minimum loan size is £5 million.

4.8 **LOBO loans:** The Council continues to hold £3m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost.

4.9 As market interest rates rose, there was increased probability of call options on the LOBOs being exercised by lenders. The Council's LOBO lenders do not have an option to increase rates within the next 12 months. Therefore, there is no immediate risk to these loans requiring early repayment or experiencing rate rises.

5 TREASURY INVESTMENT ACTIVITY

5.4 CIPFA revised TM Code defines treasury management investments as those which arise from the Council's cash flows or treasury risk management activity that ultimately represents balances which need to be invested until the cash is required for use in the course of business.

5.5 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Councils investment balances ranged between £12 and £26 million due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position	**31.3.23 Balance £m**	**Net Movement £m**	**30.9.23 Balance £m**	**Rate %**
Banks & building societies (unsecured)	(£0.872)	£0.872	£0	0%
Government (incl. local authorities)	£9.000	(£0)	£9.000	0.15%-0.30%
Money Market Funds	£4.180	£0.390	£4.570	5.29%
Other Pooled Funds - Property funds	£1.000	£0	£1.000	N/A
Total investments	**£13.308**	**£1.262**	**£14.570**	

5.6 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Councils objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

5.7 As demonstrated by the liability benchmark in this report, the Authority expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different asset classes and boost investment income.

5.8 In furtherance of these objectives, no new long-term borrowing was undertaken in the first half of 2023-24. This strategy enabled the Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

5.9 Bank Rate increased by 1%, from 4.25% at the beginning of April to 5.25% by the end of September. Short-dated cash rates rose commensurately, with 3-month rates rising to around 5.25% and 12-month rates to nearly 6%. The rates on DMADF deposits also rose, ranging between 4.8% and 5.4% by the end of June and Money Market Rates between 4.7% and 4.8%.

5.10 Liquid cash was diversified over several counterparties and/or Money Market Funds to manage both credit and liquidity risks. £10m that is available for longer-term investment which consists of £1m in CCLA Property Fund and £9m in Local Authorities.

5.11 The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity days)	Rate of Return %
31.03.2023 30.09.2023	5.10 4.31	A+ A+	32% 34%	290 160	1.50% 1.97%
Similar Las All LAs	4.43 4.47	AA- AA-	56% 59%	63 13	4.95% 4.92%

Weighted average maturity applies to the council's investment portfolio of local authority and money market funds.
**The 2023/24 TMSS set the limit per institution at £5m with which the Council complied.*
£4.6m of the total £14.5m investments exposed to bail-in on 30/9/2023 was invested in Money Market Funds which are pooled funds which have a highly diversified portfolio of money market and other instruments. The Money Market Funds which are used by the Council to maintain high credit security and liquidity.

5.12 Externally Managed Pooled Funds: £1m of the Councils investments are held in externally managed strategic pooled Property funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. These funds generated a return of £9k which is used to support services in year.

5.13 Investor sentiment for UK commercial property was more settled than in Q3 and Q4 of 2022 when the sharp rise in bond yields resulted in a big fall in property valuations. There were signs of returning investor interest, occupier resilience and a perception that the downturn in commercial real estate may be bottoming out. It helped rental income and led to some stabilisation in capital values. However, the combination of high interest rates and bond yield, higher funding costs and the prospect of sluggish economic growth constrain the outlook for commercial property.

5.14 Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three- to five-year period total returns will exceed cash interest rates.

5.15 **Statutory override:** In April 2023 the Department for Levelling Up, Housing and Communities published the full outcome of the consultation on the extension of the statutory override on accounting for gains and losses on pooled investment funds. The override has been extended for two years until 31st March 2025 but no other changes have been made; whether the override will be extended beyond the new date is unknown but commentary to the consultation outcome suggests not. The Council will discuss with Arlingclose the implications for the investment strategy and what action may need to be taken.

5.16 The Council had budgeted £201k income from treasury investments in 2023/24. Income received (April-September) was £182k, whist a further £21k has been declared and is due to be paid by October.

6 NON-TREASURY INVESTMENTS

6.1 The definition of investments in CIPFA's revised 2021 Treasury Management Code covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

6.2 Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) and Welsh Government also includes within the definition of investments all such assets held partially or wholly for financial return.

6.3 At the balance sheet date of 30th September 2023, the Council also held £49m of investments in directly owned property, loans to homeowners and local bodies and investments in a trading subsidiary. There has been no significant change from 31st March 2023 (subject to audit).

6.4 These investments are budgeted to generate £4.9m of investment income for the Council after taking account of direct costs. This income is over a number of properties which provide varying rates of return.

7. TREASURY PERFORMANCE

7.1 The Council measures the financial performance of its treasury management activities in terms of its impact on the revenue budget. The table below sets out the comparison of the impact on borrowing between budget and actuals, as shown in Table 6 below:

Table 6: Performance- Revenue Implications of Treasury Management Activity	**Budget 2023-24 £m**	**Forecast 2023-24 £m**	**Variance (+)/-**
General Fund Interest Paid	£1.82	£1.59	(£0.23)
HRA Interest Paid	£3.15	£3.30	£0.15
General Fund Interest Received	(£0.47)	(£0.34)	£0.13
HRA Interest Received	(£0.04)	(£0.03)	£0.01
Minimum Revenue Provision (MRP)	£2.13	£2.03	(£0.10)

7.2 The amount of the Council’s revenue budget required to be set aside for the future repayment of external borrowing is known as the Minimum Revenue Provision (MRP). This amount is calculated by reference to the Council’s balance sheet as at the end of the previous financial year. The underspend on MRP relates to slippage in the capital programme in the 2023/24 financial year and less borrowing required to fund the capital spend.

7.3 The General Fund interest paid is lower due to a delay to the borrowing being undertaken to finance capital spend as anticipated when the budget was set. This has been mitigated by interest receivable not yet received from loans to Equinox that were previously anticipated when the budget was set. The HRA borrowing is slightly higher than the budget due to higher interest rates than when the budget was set.

8. FINANCIAL IMPLICATIONS – COMPLIANCE REPORT

8.1 The Chief Finance Officer reports that all treasury management activities undertaken during the quarter complied fully with the CIPFA Code of Practice and the Councils approved Treasury Management Strategy, compliance with specific investment limits is demonstrated in table 6 below.

8.2 Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 6 below.

Table 6: Debt Limits	2023/24 Maximum	30.9.23 Actual	2023/24 Operational Boundary	2023/24 Authorised Limit	Complied? Yes/No
Borrowing	£122.461	£116.537	£202.000	£207.000	Yes
Long term liabilities, PFI and Finance Leases	£0.598	£0.598	£2.000	£2.000	Yes
Total debt	**£123.059**	**£117.135**	**£204.000**	**£209.000**	Yes

'Maximum' is the highest actual outstanding borrowing at any point during the first six months of 2023/24

8.3 The authorised limit for external debt represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit is set by the Council as part of the annual treasury management strategy. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the long term. The operational boundary is the limit beyond which external debt is not normally expected to exceed. In most cases this would be similar to the CFR but may be lower or higher depending on the levels of actual debt.

8.4 Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Table 7: Investment Limits	2023/24 April-Sept Maximum £m	30.9.23 Actual £m	2023/24 Limit £m	Complied? Yes/No
Any single organisation, except the UK Government	£0.220m	£0.028m	£1.6m each	Yes
Any group of pooled funds under the same management	£6.000m	£1.000m	£8m per manager	Yes
UK Central Government	Nil	Nil	Unlimited	Yes
UK Central Government Local Authorities	£9.000m	£9.000m	£3m per LA (2 years)	Yes
Money Market Funds	£16.365m	£4.570m	£5m per fund - unlimited	Yes

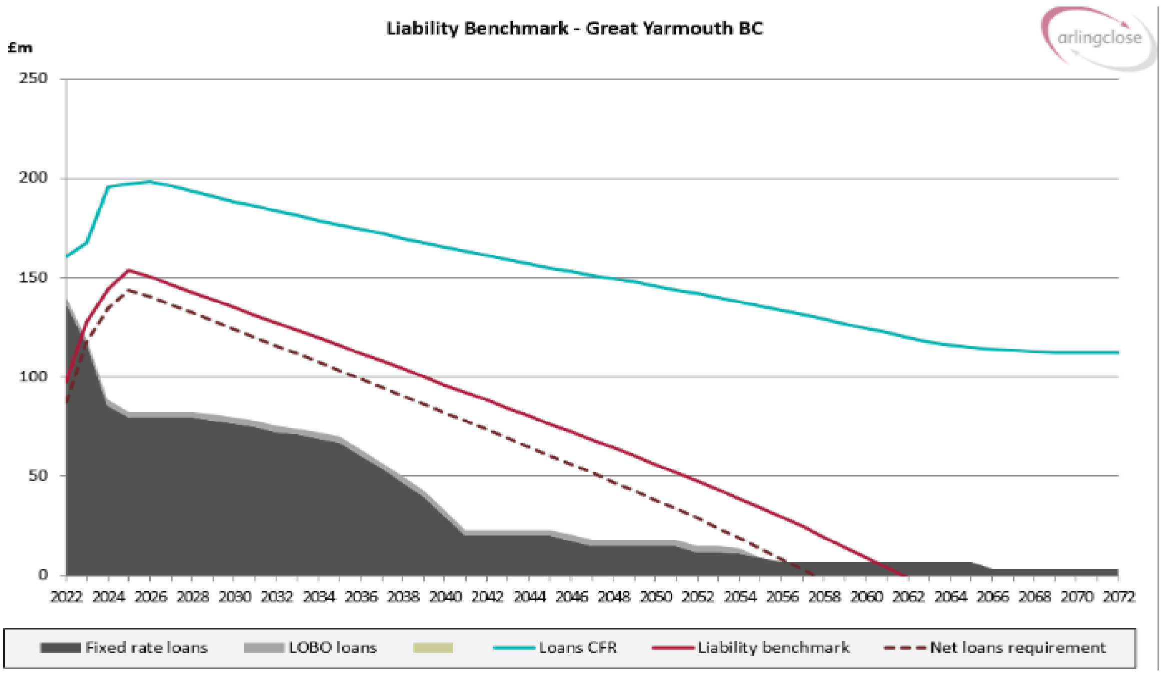
9. TREASURY MANAGEMENT PRUDENTIAL INDICATORS

9.1 As required by the 2021 CIPFA Treasury Management Code, the Council measures and manages the following treasury management prudential indicators.

9.2 **Liability Benchmark:** This new indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £7m required to manage day-to-day cash flow.

Liability Benchmark	31.3.23 Actual	31.3.24 Forecast	31.3.25 Forecast	31.3.26 Forecast
Loans CFR	167.7	195.5	197.5	198.5
External Borrowing	(121.0)	(82.4)	(82.3)	(82.2)
Less: Balance sheet resources (including working capital)	(50.0)	(66.1)	(58.9)	(63.1)
Investments/New borrowing	**(3.3)**	**47.0**	**56.3**	**53.2**
Plus: Liquidity allowance	7.0	7.0	7.0	7.0
Liability benchmark	**124.7**	**136.4**	**145.5**	**142.5**
Existing borrowing	*121.0*	*82.3*	*82.2*	*82.1*

9.3 Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing in line with the current forecast capital programme, minimum revenue provision and income, expenditure and reserves all in line with the 2023/24 budget and forecasts.



9.4 Whilst borrowing may be above the liability benchmark, strategies involving borrowing which is significantly above the liability benchmark carry higher risk.

9.5 **Maturity Structure of Borrowing**: This indicator is set to control the Councils exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

Maturity Structure of Borrowing	30.9.23 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	29%	50%	0%	Yes
12 months and within 24 months	3%	50%	0%	Yes
24 months and within 5 years	0%	60%	0%	Yes
5 years and within 10 years	8%	80%	0%	Yes
10 years and above	60%	100%	0%	Yes

9.6 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

9.7 **Long-term Treasury Management Investments:** The purpose of this indicator is to control the Councils exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are:

Long-term Treasury Management Investments	2023/24	2024/25	2025/26	No fixed date
Actual principal invested beyond year end	£7m	£1m	£1m	£1m
Limit on principal invested beyond year end	£10m	£10m	£10m	£1m
Complied?	Yes	Yes	Yes	Yes

9.8 Long-term investments with no fixed maturity date include strategic pooled funds, real estate investment trusts and directly held equity but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

9.9 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average (credit rating/ credit score) of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Security	30.9.23 Actual	2023/24 Target	Complied?
Portfolio average credit rating	A+	A	Yes

9.10 **Liquidity**: The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments it can borrow each quarter without giving prior notice.

Liquidity	30.9.23 Actual	2023/24 Target	Complied?
Liquid short-term deposits	£4.570m	£7m	No

Forecast projections of investment balances have decreased by 8% due to large capital projects, and also capital receipts anticipated in 2023/24 when the target was set are yet to be realised. These receipts are still predicted to be received in 2023/24 which should improve liquidity position in line with set indicator. **This remains under review and it is recommended that the target is revised to £3m.**

9.11 **Interest Rate Exposures**: This indicator is set to control the Councils exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

Interest rate risk indicator	30.9.23 Actual	2023/24 Limit	Complied?
Upper limit on one-year revenue impact of a 1% rise in interest rates	£58	£50	No

Upper limit on one-year revenue impact of a 1% fall in interest rates	(£61)	(£50)	No

The above limits were breached because they were based on lower loan and higher investment balances which reflected the Councils portfolio as at 31/12/2023 when the Treasury Management Strategy was written. The Councils loan balances have increased by 41% and investment balances have decreased by 8% due to large capital projects and for cashflow purposes.

9.12 The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.

9.13 For context, the changes in interest rates during the quarter were:

	31/3/23	30/9/23
Bank Rate	4.25%	5.25%
1-year PWLB certainty rate, maturity loans	4.78%	5.69%
5-year PWLB certainty rate, maturity loans	4.31%	5.22%
10-year PWLB certainty rate, maturity loans	4.33%	5.26%
20-year PWLB certainty rate, maturity loans	4.70%	5.64%
50-year PWLB certainty rate, maturity loans	4.41%	5.43%

The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at new market rates.

10. Capital Prudential Indicators

10.1 The Council measures and manages its capital expenditure, borrowing and capital investments with references to the following indicators.

10.2 It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis. The figures below have been updated in line with the 2022/23 accounts, which are still subject to audit and with reference to capital expenditure position at the end of quarter 2.

10.3 **Capital Expenditure:** The Council has undertaken and is planning capital expenditure as summarised below.

Capital Expenditure	2022/23 actual £m	2023/24 forecast £m	2024/25 budget £m	2025/26 budget £m
General Fund services	18.0	48.5	23.4	12.3
Council housing (HRA)	11.5	15.4	9.5	9.3
Capital investments	0.2	12.8	1.0	0

10.4 The main General Fund capital projects include:

- North Quay Redevelopment
- 6 Day Market & Market Realm Redevelopment
- Wintergardens Restoration
- Conversion of former Palmers Department store to Learning Hub

10.5 HRA capital expenditure is recorded separately and includes the building and acquisition of new homes over the forecast period to replace sales under Right to Buy in line with government guidance. Programmed capital expenditure is also driven to maintaining and improve the overall stock currently held by the HRA, this is prepared over the medium term and reviewed and updated annually.

10.6 Capital investments include loans and shares made for service purposes and property to be held primarily for financial return in line with the definition in the CIPFA Treasury Management Code.

10.7 **Capital Financing Requirement**: The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The actual CFR is calculated on an annual basis, but an updated CFR forecast at 30th June 2023 is shown below.

Capital Financing Requirement	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget
General Fund services	74.3	87.0	87.3	87.4
Council housing (HRA)	91.3	93.4	94.3	95.1
Capital investments	2.1	14.3	15.1	15.0
TOTAL CFR	**167.7**	**194.7**	**196.7**	**197.5**

10.8 **Gross Debt and the Capital Financing Requirement**: Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The Authority has complied and expects to continue to comply with this requirement in the medium term as is shown below.

Gross Debt and the Capital Financing Requirement	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget	Debt at 30.9.2023
Debt (incl. PFI & leases)	122.0	82.8	82.6	82.4	117.1
Capital Financing Requirement	167.7	194.7	196.7	197.5	

10.9 **Proportion of Financing Costs to Net Revenue Stream**: Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Proportion of Financing Costs to Net Revenue Stream	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget
Financing costs (£m)	2.2	3.9	4.6	4.8
Proportion of net revenue stream	14.6%	25.3%	29.4%	35.8%

11. NATIONAL CONTEXT AND ECONOMIC COMMENTARY

11.1 Economic background: UK inflation remained stubbornly high over much the period compared to the US and euro zone, keeping expectations elevated of how much further the Bank of England (BoE) would hike rates compared to the regions. However, inflation data published in the latter part of the period undershot expectations, causing financial markets to reassess the peak in BoE Bank Rate. This was followed very soon after by the BoE deciding to keep Bank Rate on hold at 5.25% in September, against expectation for another 0.25% rise.

11.2 Economic growth in the UK remained relatively weak over the period. In calendar Q2 2023, the economy expanded by 0.2%. However, monthly GDP data showed a 0.5% contraction in July, the largest fall to date in 2023 and worse than the 0.2% decline predicted which could be an indication the monetary tightening cycle is starting to cause recessionary or at the very least stagnating economic conditions.

11.3 July data showed the unemployment rate increased to 4.3% (3mth/year) while the employment rate rose to 75.5%. Pay growth was 8.5% for total pay (including bonuses) and 7.8% for regular pay, which for the latter was the highest recorded annual growth rate. Adjusting for inflation, pay growth in real terms were positive at 1.2% and 0.6% for total pay and regular pay respectively.

11.4 Inflation continued to fall from its peak as annual headline CPI declined to 6.7% in July 2023 from 6.8% in the previous month against expectations for a tick back up to 7.0%. The largest downward contribution came from food prices. The core rate also surprised on the downside, falling to 6.2% from 6.9% compared to predictions for it to only edge down to 6.8%.

11.5 The Bank of England's Monetary Policy Committee continued tightening monetary policy over most of the period, taking Bank Rate to 5.25% in August. Against expectations of a further hike in September, the Committee voted 5-4 to maintain Bank Rate at 5.25%. Each of the four dissenters were in favour of another 0.25% increase.

11.6 Financial market Bank Rate expectations moderated over the period as falling inflation and weakening data gave some indication that higher interest rates were working. Expectations fell from predicting a peak of over 6% in June to 5.5% just ahead of the September MPC meeting, and to then expecting 5.25% to be the peak by the end of the period.

11.7 Following the September MPC meeting, Arlingclose, the authority's treasury adviser, modestly revised its interest forecast to reflect the central view that 5.25% will now be the peak in Bank Rate. In the short term the risks are to the upside if inflation increases again, but over the remaining part of the time horizon the risks are to the downside from economic activity weakening more than expected.

11.8 The lagged effect of monetary policy together with the staggered fixed term mortgage maturities over the next 12-24 months means the full impact from Bank Rate rises are still yet to be felt by households. As such, while consumer confidence continued to improve over the period, the GfK measure hit -21 in September, it is likely this will reverse at some point. Higher rates will also impact business and according to S&P/CIPS survey data, the UK manufacturing and services sector contracted during the quarter with all measures scoring under 50, indicating contraction in the sectors.

11.9 Having fallen throughout 2023, annual US inflation started to pick up again in July 2023, rising from 3% in June, which represented the lowest level since March 2021, to 3.2% in July and then jumping again to 3.7% in August, beating expectations for a rise to 3.6%. Rising oil prices were the main cause of the increase. US GDP growth registered 2.1% annualised in the second calendar quarter of 2023, down from the initial estimate of 2.4% but above the 2% expansion seen in the first quarter.

11.10 The European Central Bank increased its key deposit, main refinancing, and marginal lending interest rates to 4.00%, 4.50% and 4.75% respectively in September, and hinted these levels may represent the peak in rates but also emphasising rates would stay high for as long as required to bring inflation down to target.

11.11 Although continuing to decline steadily, inflation has been sticky, Eurozone annual headline CPI fell to 5.2% in August while annual core inflation eased to 5.3% having stuck at 5.5% in the previous two months. GDP growth remains weak, with recent data showing the region expanded by only 0.1% in the three months to June 2023, the rate as the previous quarter.

11.12 **Financial markets:** Financial market sentiment and bond yields remained volatile, with the latter generally trending downwards as there were signs inflation, while still high, was moderating and interest rates were at a peak.

11.13 Gilt yields fell towards the end of the period. The 5-year UK benchmark gilt yield rose from 3.30% to peak at 4.91% in July before trending downwards to 4.29%, the 10-year gilt yield rose from 3.43% to 4.75% in August before declining to 4.45%, and the 20-year yield from 3.75% to 4.97% in August and then fell back to 4.84%. The Sterling Overnight Rate (SONIA) averaged 4.73% over the period.

11.14 **Credit review:** Having completed a review of its credit advice on unsecured deposits at UK and non-UK banks following concerns of a wider financial crisis after the collapse of Silicon Valley

Bank purchase of Credit Suisse by UBS, as well as other well-publicised banking sector issues, in March Arlingclose reduced the advised maximum duration limit for all banks on its recommended counterparty list to 35 days. This stance continued to be maintained at the end of the period.

11.15 During the second quarter of the period, Moody's revised the outlook on Svenska Handelsbanken to negative from stable, citing concerns around the Swedish real estate sector.

11.16 Having put the US sovereign rating on Rating Watch Negative earlier in the period, Fitch took further action in August, downgrading the long-term rating to AA+, partly around ongoing debt ceiling concerns but also an expected fiscal deterioration over the next couple of years.

11.17 Following the issue of a Section 114 notice, in September Arlingclose advised against undertaking new lending to Birmingham City Council, and later in the month cut its recommended duration on Warrington Borough Council to a maximum of 100 days.

11.18 Arlingclose continued to monitor and assess credit default swap levels for signs of ongoing credit stress and although no changes were made to recommended durations over the period, Northern Trust Corporation was added to the counterparty list.

11.19 Heightened market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

12. CONCLUSIONS

12.1 Overall, the Council remains in line with the Treasury Management Strategy and Capital Strategy as approved in February 2023. The treasury activities continue to be monitored on a daily basis**.**

13. BACKGROUND PAPERS

13.1 Treasury Management Strategy 2023/24
13.2 Treasury Management Outturn report 2022/23
13.3 2023/24 cashflow, loan/investment register
13.4 Arlingclose updates and reports
13.5 Capital and Investment Strategies 2023/24

Area for consideration Comment	Comment
Monitoring Officer Consultation	ELT Consultation
Section 151 Officer Consultation	Report Author
Existing Council Policies See background papers	
Financial Implications eg within existing budgets or funding identified	Included within the report
Legal Implications (including human rights)	None
Risk Implications	Included in the report
Equality Issues/EQIA assessment (if EQIA not required explain why)	None as a direct impact of the report
Details contained in strategy	None
Crime & Disorder	None
Every Child Matters	None

CABINET

URN: 23-137

Report Title: 2023/24 Budget Monitoring Report – Period 6

Report to: Cabinet

Date of meeting: 13 November 2023

Responsible Cabinet Member: Cllr Carl Smith, Portfolio Holder for Governance, Finance and Major Projects

Responsible Director / Officer: Financial Services Manger

Is this a key decision? No

Date added to Forward Plan of Key Decisions if a Key Decision: N/A

EXECUITVE SUMMARY / INTRODUCTION FROM CABINET MEMBER

This report presents the month 6 budget monitoring position for financial year 2023/24 for both the General Fund and Housing Revenue Account (HRA) including the respective capital programmes and financing. It includes explanations for significant variances to the budgets currently forecast for the full year.

RECOMMENDATIONS:

That Cabinet:

1) It is recommended that members note the content of the report and the revised forecast for the General Fund and Housing revenue Account for 2023/24.
2) Approve the updated General Fund capital programme (Appendix E).
3) Approve additional HRA capital budget of £104,000 to be financed from HRA revenue reserves to fund the digital upgrade of the sheltered alarm system.

1. INTRODUCTION

1.1. This report presents the budget monitoring forecast position for the General Fund and Housing Revenue Account and their respective capital programmes for the financial year 2023/24 as at September 2023. This report compares the actual expenditure and income position at the end of September 2023 to the general fund budget for 2023/24 and presents a forecast position for the current year.

1.2. The original base budgets for 2023/24 were approved by Council in February 2023 and assumed a transfer from the general fund reserves of £1,143,503 and a transfer of £1,945,006 from the housing revenue account. This was alongside setting the capital programmes for both the General Fund and the Housing Revenue Account. This report provides an updated forecast for the current year compared to this position and will be used to inform the outturn position for 2023/24.

2. GENERAL FUND - OVERVIEW

2.1. The General Fund Summary at Appendix A shows the high-level forecast budget monitoring position on 30 September 2023 of a deficit position of £1,445k. The original budget has been revised to £753k which is a variance form the forecast of £692k.

2.2. Appendices A and B provide commentary on the more significant variances (£+/-£10,000 full year) identified from the budget monitoring process carried out between finance and services for the position at the end of period 6 and where there is anticipated yearend under/overspend. Appendix C provides a summary of the general fund service income and expenditure by type (e.g. employee costs).

2.3. The employee turnover report to the end of period 3 is 5.3% for employees in services within the General Fund (in period 3 this was 3.9% and in comparison, to period 6 in 2022/23 which was reported as 8.76%). Employee turnover is the total number of leavers as a percentage of the average head count of employees over the period. In financial terms turnover will result in underspends against direct employee related budget, for example pay, NI and pension when posts become vacant up to the point of recruitment. Turnover savings will also be accrued from restructuring and where there have been significant delays in-between a post becoming vacant and then being filled. Some of the in-year vacancy savings will be offset using agency and interim appointments. Overall, for the period to the end of September there is an underspend (£200k) of direct employee costs (per Appendix C) the detail of the more significant will have been reported in the detail included at appendix B.

2.4. Other factors which are not yet confirmed or quantified are the impact of external contract arrangements for the provision of services provided by GYN. These will continue to be monitored.

3. GENERAL FUND BUDGET MONITORING POSITION – REVENUE SUMMARY

3.1. The following table provides a summary of the full year projections for 2023/24, these are based on the actuals at the end of period three and informed by known pressures on the revenue account.

Budget Area	Full Year Current Budget £'000	Full Year Forecast £'000	Total Estimated Full Year Effect £'000
Service Area	14,607	15,600	993
Non-Service Areas	2,880	2,679	(201)
Use of Reserves	(1,436)	(1,1535)	(99)
Income	(15,297)	(15,297)	0
Total (Surplus)/Deficit	**753**	**1,445**	**692**

3.2. The overall position will continue to be monitored in the current financial year and will be reported to Management Team and used to inform the budget setting for 2024/25.

3.3. There are several income areas which are forecast to be less than the budget set in February 2023, these include demand led services for example Crematorium and Planning income. In addition, there is a reduction in income against budget areas within Property services, including where previous savings proposals for example concessions have not yet been achieved. The Interim Head of Property and Asset Management is undertaken a full review of the services income projections to consider options to address the adverse variances seen on income forecasted in comparison to the budget set for 2023/24 and will be bring forward proposals to mitigate these impacts for the future budget setting timetable.

3.4. Further, a significant overspend of £420k is currently forecast on the housing needs service. The forecast overspend is due to the increased demand in homelessness placements above the amount budgeted. This is exacerbated by the need to use costly bed & breakfast accommodation to meet the increased demand at short notice. The service is currently looking at options to lease or purchase accommodation which are more cost effective than using bed and breakfast accommodation. A report will be presented to Council in December to consider these options which should reduce the forecast position.

3.5. Other options to mitigate the forecast position are also being considered by Extended Leadership Team and action to be taken will be reported at month 6 as required.

4. GENERAL FUND BUDGET MONITORING POSITION – CAPITAL PROGRAMME

4.1. Actual spend until the end of September 2023 totals £5.2m as summarised under Appendix E.

4.2. Since reporting at the end of June, there have been some amendments to the capital programme for Town Deal and Future High Street Projects. Under freedoms and flexibilities delegated to the Council's S151 Officer and to meet the spend deadlines for the grant funding, financing of the projects has been rearranged to prioritise the use of grant funding before the Council's own resources.

4.3. In addition to the changes in financing, project adjustment requests were submitted to the Department for Levelling Up, Housing and Communities (DLUHC) to reallocate funding between interventions. These requests have recently been approved and as a result £3.5m of Town Deal funding has been reallocated from the Incubator Unit project to the Learning Centre and Wintergardens and £1.9m of Future High Street funding has been diverted from the Densification and Digital projects to the Learning Centre and Market Realm. Adjustments have been made to the budgets in the capital programme for these amendments, but some these span several financial years and therefore cannot all be seen in the 23-24 programme.

4.4. A loan to the Great Yarmouth Preservation Trust for the purchase of 145 King Street was approved at Policy and Resources Committee in September 2020. Conditions for this loan have now been met and £72,000 has been included in the capital programme.

4.5. The Homes Upgrade Grant 1 (HUG1) and Sustainable Warmth LAD3 projects contained in the capital programme are now complete, however, there has been no spend to date as the Council's delivery agent is finalising figures before invoicing. An underspend on the total amount of grant received has been identified and this will need to be repaid to the Department of Energy Security and Net Zero. The total amount to be repaid is still being finalised and will be reported in future budget monitoring reports.

4.6. The revised General Fund Capital Programme for 2023/24 is £61.3m. Of this, £36.7m is currently forecast to be spent in 2023/24. The remaining budget will be spent in future years as the budget includes approved projects that will span financial years.

5. GENERAL FUND CONCLUSIONS

5.1. The General Fund revenue budget is showing a forecast full year overspend of £692k (£301k in comparison to the original budget). The position will continue to be monitored during the financial year and consideration of required action to mitigate any adverse budget variances will be given by budget holders and the Executive Leadership Team.

5.2. The General Fund capital 2023/24 budget stands at £61.3m as at month 6, any unspent capital budgets for ongoing capital projects at the end of March 2024 will mainly be carried forward to 2024/25. The position will continue to be monitored as projects progress.

6. HOUSING REVENUE ACCOUNT- OVERVIEW

6.1. There is a statutory requirement to maintain a Housing Revenue Account (HRA) and that account must not show a deficit. The HRA is a separate (ring fenced) account of the Council covering income and expenditure relating to its role as landlord. Under the self-financing arrangements for local authorities, the HRA records the costs of management and maintenance of the Council's dwellings and the related income from rents and other charges. The Government provides guidance on what should be included in the HRA to protect Council tenants.

6.2. Although there is not a requirement for a similar separation of capital expenditure, the capital programme as it relates to the HRA is separately monitored. This report outlines the estimated forecasts for the full financial year 2023/24 as well as showing the position of the HRA as at the end of period 6.

6.3. The regular review and monthly monitoring of the HRA budgets provides a sound basis for the preparation of estimates for 2023/24 and of the HRA Business Plan.

7. HOUSING REVENUE ACCOUNT BUDGET MONITORING POSITION - REVENUE

7.1. For budget monitoring purposes, the actual expenditure and income to the end of period 6 is reviewed to produce estimated forecasts, compared against original budgets, for the 2023/24 financial year. Key variations are identified and explained within Appendices H & I for Revenue and Appendix J for Capital.

7.2. To prepare updated forecasts, detailed analysis has been undertaken of actual figures and any further changes identified from the budget monitoring process, completed alongside services via review work. Updated forecasts are set out in appendices G & J.

7.3. The Housing Revenue Account summary in appendix G shows a revised 2023/24 budget forecast deficit of £5.331m, from a currently budgeted deficit of £4.716m, resulting in an unfavorable movement of £0.615m. Original HRA budgets have been updated to reflect the 2022/23 HRA capital and revenue carried forward budgets approved by cabinet in July 2023.

7.4. The forecast changes incorporated within appendix G are explained in detail on appendix H and relate to Job evaluations increases, partnership Service Level Agreement increases, repairs and maintenance increases and increased IT software costs.

7.5. HRA employee turnover for 2023/24, to the end of quarter 2 is currently 5.95%. Employee turnover is the total number of leavers as a percentage of the average head count of employees over the period. In financial terms, turnover will result in underspends against direct employee related budget, for example pay, NI and pension when posts become vacant up to the point of recruitment. Overall, for the period to the end of September 2023, there is a total spend of £1.768m for direct employee costs and forecasted vacancy savings of £0.363m. Some of the in-year vacancy savings will be offset using agency and interim appointments. There is an influx of agency staff being employed to cover roles prior to them being filled in permanent roles by recruitment.

7.6. The forecast budget for supervision and management has increased by £68k overall. There has been an overspend on additional IT software licenses in year of £200k for the current housing IT system as well as the implementation of the new housing system. However, the vacancies in year forecasted at £363k will also offset some of these costs.

7.7. Repairs and maintenance budgets currently reflect an overall overspend of £0.371m. Within the planned cyclical area and revenue voids areas, there has been an increase in larger repairs jobs including expenditure to address damp and mould. Work is ongoing with the asset team, to understand and determine the level of demand for the future in this area of repairs, which will help set budgets in 2024/25.

7.8. Efficiency savings with Great Yarmouth Norse Ltd are beginning to take effect on repairs and maintenance costs. A recent responsive repair job costing exercise has confirmed that the average responsive repair job cost has gone down over the year (from April to September 2022/2023 the average cost of a repair was £141.95 and from April to September 2023/24, it is now £134.81). This has resulted in an initial forecast underspend of £175k on the responsive repairs budget line despite there being an increase in repair demand in the year. There are potentially more savings to be identified and the forecast will be updated accordingly in future reports.

8. HOUSING REVENUE ACCOUNT BUDGET MONITORING POSITION – CAPITAL PROGRAMME

8.1. The Housing Revenue Account originally set a major capital works budget of £10.5m for 2023/24. The 2023/24 capital programme has been updated for £4.83m carried forward budgets agreed in the 2022/23 outturn report by Cabinet in July 2023 giving a revised budget of £15.4m. The current forecast for spend on the HRA Capital programme is £15.2m, due to an underspend anticipated on the additional housing budget.

8.2. 2023/24 capital programme spend to the end of Period 6 is showing as £1.8m in appendix J, however there is currently outstanding invoices of £1.1m, including £1m from the Social Housing Decarbonisation Fund project (SHDF), that are still due to be paid from the prior financial year. The actual capital programme spend for the year to date is £3m.

8.3. Capital programmes are progressing with areas of work mobilising and revisions to work plans being reviewed and prioritised as needed. Over £4m of expenditure has been committed to date on capital programmes of works including kitchens and bathrooms, roofing works and major voids. Major voids works are continuing to address some of the Council's most demanding vacant properties.

8.4. Due to the national telephony upgrade, where all analogue phone lines will be switched off, there is a business need to enhance our current existing hardware to switch the analogue lines to digital. The cost of this upgrade is £104k and a budget will need to be funded via revenue reserves to be able to fund this enhancement project. Approval is being asked from Cabinet to approve this additional budget of £104k in the 2023/24 HRA Capital programme.

8.5. The Council was successful in bidding and securing £1.6m of grant funding under the Social Housing Decarbonisation Fund (SHDF) and the project was granted an extension to continue and complete works into the first half of 2023/24. Works aim to provide the needed fabric improvements, improving the energy performance of the buildings, as well as improving the quality of life for the tenants. Works have completed and Invoices are awaiting to be received from the contractor. The match funding for the grant is funded as part of the capital programme.

8.6. The Council was also previously successful in securing both Homes England and Brownfield land release grant funding, to support the development of 18 new one-bedroom affordable homes at Jubilee Court, Great Yarmouth. This project is budgeted at £3.4m and was completed within budget. It has been funded using both grant and Right to Buy receipts, providing some valuable additions to the Great Yarmouth's affordable housing stock. Final invoices for this project are being received and all the new properties are tenanted.

8.7. The additional housing capital budget is on track to spend £2.4m budget in year. Six properties have been approved to be purchased, committing £1.4m of this budget. Two of these properties have been purchased to period 6, with four progressing to completion by the end of the financial year. A further seven properties have been identified as potential purchases to spend the full budget. This budget is financed by borrowing and the use of Right to Buy receipts and is being monitored to ensure the council doesn't payback any receipts to central government.

8.8. The HRA business plan continues to operate under the assumptions that only affordable and additional housing plans should use further borrowing, with the remaining capital financing being met from revenue. The Council has continued to take a prudent approach following the removal of the debt cap and with no further guidance being provided around the repayment of debt. To ensure the sustainability of the HRA, future modelling may incorporate a blended approach of both revenue funding capital and further borrowing, aiming to increase the affordability of the HRA over the long term, managing its reserves.

9. HOUSING REVENUE ACCOUNT – RIGHT TO BUY (RTB) SUMMARY 2023/24

9.1. The following table provides the number of the RTB sales year to date at period 6 against our anticipated budgeted sales for 2023/24. This shows that currently sales are in line with budget expectations.

2023/24	Estimated Sales	Actual Sales
Qtr. 1	4	4
Qtr. 2	4	4
Qtr. 3	6	0
Qtr. 4	6	0
Total	**20**	**8**

9.2. Right to Buy capital receipts will support the capital programme in 2023/24, to support the development of affordable and additional housing.

10. HOUSING REVENUE ACCOUNT CONCLUSION

10.1. The Housing Revenue Account currently shows a revised 2023/24 forecast deficit of £5.331m, from an originally budgeted deficit of £4.716m, resulting in an unfavorable movement of £0.615m. The Income and expenditure position will continue to be monitored going forward.

10.2. Major Capital Major Capital spend to the end of Period 6 totals £3m, with over £4m committed budget to date by purchase orders. Spend will increase in later periods as areas of works are fully mobilised. A capital budget totalling £15.2m is currently forecast to be delivered within 2023/24.

10.3. The detail within the report highlights the significant variances, including estimated forecasts of the full year impact to the HRA revenue and capital budgets. The report has flagged a couple of factors that are continuing to place financial pressure on Local Authorities, in particular the pay award and rising utility costs. The cost-of-living crisis will continue to be monitored to inform the update to the current budget and future financial forecast.

10.4. The income and expenditure will continue to be monitored in detail during the year, including additional reviews of the HRA 40-year business plan throughout the year.

10.5. The HRA is dependent mainly on the rental income stream of the social housing rents, and we have a dedicated team monitoring tenant arrears on a regular basis.

11. FINANCIAL IMPLICATIONS

11.1. The detail within the report highlights the significant variances for the 2023/24 financial year for both the general fund and HRA, including a full year review of the respective capital budgets.

11.2. The forecast position is subject to change as the year progresses and as highlighted in section 3 of this report action to mitigate adverse variances will need to be considered and will be updated as part of the month 6 monitoring.

12. RISK IMPLICATIONS

12.1. The continued high levels of Consumer Price Inflation again present risks, and whilst the budgets for 2023/24 did allow for high levels these were not assumed to remain high in the long term, these estimates will be reviewed as part of the updated budget review.

12.2. Funding for local government continues to be a risk and the continued uncertainty around timing of funding reforms is uncertain and whilst it is unlikely in the short term (2024/25) the medium-term picture is less certain and the impacts of the business rates reset and transitional funding is not known.

12.3. Reserves held by the Council continue to provide a cushion in the short-term but these are not a medium to long term solution for producing a balanced budget.

12.4. The pressures on demand led services for example demand for temporary and homelessness housing and insufficient external funding continues to be a risk for the council with increasing pressure to the general fund, whilst there is an earmarked reserve that can be used in the short term to mitigate the impact, this is not sustainable.

12.5. The revenue budget is reliant upon fees and charges income from a number of demand led services, for example car parking, planning and building control and crematorium. The actual achievement of income levels will be influenced by factors outside of the Councils control and whilst a prudent approach was taken for the setting of these budgets the actual performance will be subject to in year fluctuation. These will need to be closely monitored closely to allow corrective actions to be taken as required to mitigate the overall impact to the general fund.

13. OVERALL CONCLUSION FOR GENERAL FUND AND HOUSING REVENUE ACCOUNT

13.1. The report has highlighted financial pressures for both the Housing Revenue Account and the General Fund in the year which will be closely monitored and where applicable corrective action taken.

13.2. Work on the 2024/25 has already commenced and will include critical review of all expenditure and income lines and commitments against all reserves to mitigate the impact in the short term. The use of the reserves is not a long-term sustainable option and therefore options will be brought forward as part of the medium-term financial strategy work.

14. Background Papers

14.1. Budget Setting Reports for the General Fund and the Housing Revenue Account 2023/24 – February 2023.

Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?

Consultations	**Comment**
Monitoring Officer Consultation:	Consultation with ELT
Section 151 Officer Consultation:	Report Author
Existing Council Policies:	
Equality Issues/EQIA assessment:	

Appendix A - General Fund Summary Budget Monitoring 2023/2024

	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Comments
Net Cost of Services						
Executive	3,742,419	3,755,419	1,713,423	3,778,919	23,500	
Housing	805,921	805,921	421,371	1,225,931	420,010	
Inward Investment	659,678	887,052	605,202	886,438	(614)	
Planning and Growth	616,713	646,392	287,510	856,076	209,684	
Customer Services	(408,122)	(408,122)	22,098	(416,572)	(8,450)	See Appendix B for details of significant variances.
Property and Asset Management	388,037	382,037	(23,132)	809,501	427,464	
IT, Communications, Marketing and Events	1,957,105	1,958,105	751,052	1,960,504	2,399	
Environmental Services	6,181,183	6,210,382	2,936,124	6,306,176	95,794	
Health Integration and Communities (new)	370,154	370,154	(623,013)	192,654	(177,500)	
	14,313,088	**14,607,340**	**6,090,635**	**15,599,627**	**992,287**	
Non Service Expenditure/Income						
Recharge to the Housing Revenue Account	(1,701,263)	(2,093,813)	0	(2,093,813)	0	Review of recharging calculation following outturn has revised the estimated overall recharge between General Fund service and the Housing Revenue Account.
Loan Interest Payable	1,821,000	1,821,000	850,524	1,586,000	(235,000)	External borrowing has been lower than anticipated reducing the interest charges incurred. The Council has been able to secure lower short term borrowing rates than original budgeted for that has also improved the forecast position. Also slippage in the capital programme has reduced the amount of borrowing required.
Interest Receivable	(474,906)	(474,906)	(182,199)	(344,906)	130,000	Due to the delay in issuing borrowing to Equinox Enterprises Limited the amount of interest due from the subsidiary is anticipated to be lower than budgeted for.
Capital Charges Reversal	(1,506,384)	(1,506,384)	(1,506,384)	(1,506,384)	0	
Revenue Contribution to Capital	50,000	50,000	0	50,000	0	
Transfers to/(from) Earmarked Reserves	(1,144,674)	(1,436,411)	0	(1,534,743)	(98,332)	Forecast transfer from Earmarked Reserves not yet included within current budget as awaiting final confirmation of amount required.
Pension Back Funding	2,224,021	2,224,021	1,136,400	2,224,021	0	
Parish Precepts	671,572	671,572	335,786	671,572	0	
Provision for Loan Repayment (MRP)	2,129,843	2,129,843	0	2,032,856	(96,987)	MRP charge forecast updated following 2022/23 capital outturn.
Accounting Adjustments - soft loans, acc absences	0	0	0	0	0	
Apprenticeship Levy	58,539	58,539	17,332	58,539	0	
	2,127,748	**1,443,461**	**651,459**	**1,143,142**	**(300,319)**	
Income						
Council Tax - Parishes	(671,572)	(671,572)	(402,943)	(671,572)	0	
Council tax - Borough	(5,417,359)	(5,417,359)	(3,250,415)	(5,417,359)	0	
Business Rates	(6,065,000)	(6,065,000)	(2,426,000)	(6,065,000)	0	
Revenue Support Grant	(2,537,824)	(2,537,824)	(1,091,264)	(2,537,824)	0	
New Homes Bonus	(187,081)	(187,081)	(93,541)	(187,081)	0	
Other Grants and contributions	(418,496)	(418,496)	(189,994)	(418,496)	0	
	(15,297,332)	**(15,297,332)**	**(7,454,158)**	**(15,297,332)**	**0**	
(Surplus)/Deficit	**1,143,504**	**753,469**	**(712,064)**	**1,445,437**	**691,968**	Actuals for period 6 includes accruals that have not been offset to date in the financial year. In comparison to the original budget set the overspend currently predicted is £301k.

Appendix B - General Fund Services - Budget monitoring and commentary 2023/24

Note 1 Significant variances requiring commentary: Significant variances of +/- £10,000 full year variances require commentary. This is based on the total variance for the service line level for the services as Heads of Service are able to vire budgets within their areas as required.

Note 2 Support Services Recharges: Support Services Recharge variances are driven by the variances in direct costs and income identified under those services recharged across the Council at year end and therefore there will be variances reported during the year.

Note 3 IAS19 Accounting Adjustment: IAS19 requires services to recognise pension costs for employees as provided by the Council's Actuary. These IAS19 addition pension charges do not impact on the yearend position as they are reversed under Appendix A as part of the Pension Back Funding line at year end.

Note 4 Period Actuals: The year to date actuals show not only in year transactions but also the prior year accruals made at the end of the last financial year. In many instances the actual costs have not yet been paid or income not been received.

Executive

Executive Team	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	765,640	765,640	357,040	765,640	0	
Non-pay	12,869	12,869	9,075	12,869	0	
Gross Direct Income	0	0	(47)	0	0	
Net Direct Expenditure/(Income) Total:	778,509	778,509	366,068	778,509	0	No significant variance.
Support Services Recharges	(487,700)	(789,070)	0	(789,070)	0	
Capital Charges	0	0	0	0	0	
Total:	290,809	(10,561)	366,068	(10,561)	0	

Legal	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	546,819	546,819	139,479	546,819	0	
Gross Direct Income	(35,000)	(35,000)	(26,527)	(35,000)	0	
Net Direct Expenditure/(Income) Total:	511,819	511,819	112,952	511,819	0	No significant variance.
Support Services Recharges	(495,390)	(511,820)	0	(511,820)	0	
Capital Charges	0	0	0	0	0	
Total:	16,429	(1)	112,952	(1)	0	

Appendix B - General Fund Services - Budget monitoring and commentary 2023/24

Equinox	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	64,708	64,708	34,084	64,708	0	
Non-pay	21,039	21,039	(3,027)	21,039	0	
Gross Direct Income	(132,000)	(132,000)	(62,498)	(132,000)	0	
Net Direct Expenditure/(Income) Total:	(46,253)	(46,253)	(31,441)	(46,253)	0	No significant variance.
Support Services Recharges	0	0	0	0	0	
Capital Charges	0	0	0	0	0	
Total:	(46,253)	(46,253)	(31,441)	(46,253)	0	

GYBS company	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	30,636	30,636	56,963	30,636	0	
Gross Direct Income	(470,000)	(470,000)	(28,400)	(470,000)	0	
Net Direct Expenditure/(Income) Total:	(439,364)	(439,364)	28,563	(439,364)	0	No significant variance.
Support Services Recharges	16,340	24,480	0	24,480	0	
Capital Charges	0	0	0	0	0	
Total:	(423,024)	(414,884)	28,563	(414,884)	0	

Housing Repairs & Maintenance Company	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	0	0	8,232	0	0	
Gross Direct Income	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	0	0	8,232	0	0	No significant variance.
Support Services Recharges	0	0	0	0	0	
Capital Charges	0	0	0	0	0	
Total:	0	0	8,232	0	0	

Appendix B - General Fund Services - Budget monitoring and commentary 2023/24

Corporate Costs	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	196,150	196,150	(200,657)	196,150	0	
Gross Direct Income	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	196,150	196,150	(200,657)	196,150	0	No significant variance.
Support Services Recharges	(61,960)	(196,130)	0	(196,130)	0	
Capital Charges	0	0	0	0	0	
Total:	134,190	20	(200,657)	20	0	

Emergency Response	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	6,070	0	0	
Non-pay	0	0	2,925	0	0	
Gross Direct Income	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	0	0	8,995	0	0	No significant variance.
Support Services Recharges	0	0	0	0	0	
Capital Charges	0	0	0	0	0	
Total:	0	0	8,995	0	0	

Finance	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	816,818	816,818	374,511	816,818	0	
Non-pay	384,408	384,408	114,110	384,408	0	
Gross Direct Income	(7,500)	(7,500)	(557)	(7,500)	0	
Net Direct Expenditure/(Income) Total:	1,193,726	1,193,726	488,064	1,193,726	0	No significant variance.
Support Services Recharges	(786,560)	(1,219,490)	0	(1,219,490)	0	
Capital Charges	0	0	0	0	0	
Total:	407,166	(25,764)	488,064	(25,764)	0	

Appendix B - General Fund Services - Budget monitoring and commentary 2023/24

Member Services	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	182,570	195,570	98,488	195,570	0	
Non-pay	345,766	345,766	199,200	345,766	0	
Gross Direct Income	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	528,336	541,336	297,688	541,336	0	No significant variance.
Support Services Recharges	(473,850)	(533,890)	0	(533,890)	0	
Capital Charges	0	0	0	0	0	
Total:	54,486	7,446	297,688	7,446	0	

Corporate Strategy	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	100,203	100,203	43,145	100,203	0	
Non-pay	4,533	4,533	68	4,533	0	
Gross Direct Income	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	104,736	104,736	43,213	104,736	0	No significant variance.
Support Services Recharges	(78,200)	(108,910)	0	(108,910)	0	
Capital Charges	0	0	0	0	0	
Total:	26,536	(4,174)	43,213	(4,174)	0	

Elections	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	169,029	169,029	110,419	172,029	3,000	
Non-pay	143,794	143,794	125,885	143,794	0	
Gross Direct Income	(25,211)	(25,211)	(30,501)	(30,711)	(5,500)	
Net Direct Expenditure/(Income) Total:	287,612	287,612	205,803	285,112	(2,500)	No significant variance.
Support Services Recharges	43,950	58,900	0	58,900	0	
Capital Charges	0	0	0	0	0	
Total:	331,562	346,512	205,803	344,012	(2,500)	

Appendix B - General Fund Services - Budget monitoring and commentary 2023/24

Human Resources	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	495,211	495,211	248,601	521,211	26,000	Variance reflects overlap of maternity and covering positions.
Non-pay	131,937	131,937	137,485	131,937	0	
Gross Direct Income	0	0	(372)	0	0	
Net Direct Expenditure/(Income) Total:	627,148	627,148	385,714	653,148	26,000	
Support Services Recharges	(519,020)	(640,210)	0	(640,210)	0	
Capital Charges	0	0	0	0	0	
Total:	108,128	(13,062)	385,714	12,938	26,000	
Total Executive:	**900,029**	**(160,721)**	**1,713,423**	**(137,221)**	**23,729**	
Total Executive excluding capital charges and recharges:	**3,742,419**	**3,755,419**	**1,713,423**	**3,778,919**	**23,500**	
Total Executive excluding recharges:	**3,742,419**	**3,755,419**	**1,713,423**	**3,778,919**	**23,500**	

Housing

Housing Needs	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	1,377,918	1,377,918	575,139	1,377,918	0	
Non-pay	553,638	553,638	561,039	1,262,638	709,000	These are demand led services, with B&B accommodation also being heavily subject to increased summer price rises. Increased demand has been received for this service, resulting in increased spend for increased accommodation charges. This is partly mitigated by an increase of income, including any outstanding demand being financed by homelessness grant funding, as reflected in the income below.
Gross Direct Income	(1,441,172)	(1,441,172)	(730,412)	(1,730,162)	(288,990)	Increased income recovery forecast from B&B and temporary accommodation due to increase in service demand as per above.
Net Direct Expenditure/(Income) Total:	490,384	490,384	405,766	910,394	420,010	
Support Services Recharges	334,790	431,790	0	431,790	0	
Capital Charges	18,137	18,137	0	18,137	0	
Total:	843,311	940,311	405,766	1,360,321	420,010	

Appendix B - General Fund Services - Budget monitoring and commentary 2023/24

Housing Strategy	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	184,935	184,935	57,835	184,935	0	
Non-pay	4,700	4,700	676	4,700	0	
Gross Direct Income	0	0	(256)	0	0	
Net Direct Expenditure/(Income) Total:	189,635	189,635	58,255	189,635	0	No significant variance.
Support Services Recharges	62,720	85,360	0	85,360	0	
Capital Charges	23,859	23,859	0	23,859	0	
Total:	276,214	298,854	58,255	298,854	0	

Traveller's Site/Gapton Hall	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	68,657	68,657	16,727	68,657	0	
Non-pay	138,732	138,732	57,066	138,732	0	
Gross Direct Income	(123,483)	(123,483)	(119,953)	(123,483)	0	
Net Direct Expenditure/(Income) Total:	83,906	83,906	(46,160)	83,906	0	No significant variance.
Support Services Recharges	62,980	80,740	0	80,740	0	
Capital Charges	0	0	0	0	0	
Total:	146,886	164,646	(46,160)	164,646	0	

Refugees	Original Budget 2019/20 £	Current Budget 2019/20 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	0	0	3,510	0	0	
Gross Direct Income	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	0	0	3,510	0	0	No significant variance.
Support Services Recharges	0	0	0	0	0	
Capital Charges	0	0	0	0	0	
Total:	0	0	3,510	0	0	

Total Housing:	**1,266,411**	**1,403,811**	**421,371**	**1,823,821**	**420,010**
Total Housing excluding capital charges and recharges:	**763,925**	**763,925**	**421,371**	**1,183,935**	**420,010**
Total Housing excluding recharges:	**805,921**	**805,921**	**421,371**	**1,225,931**	**420,010**

Appendix B - General Fund Services - Budget monitoring and commentary 2023/24

Inward Investment

Project Management Office	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	76,806	183,885	78,022	183,885	0	
Non-pay	1,802	1,802	25,675	1,802	0	
Gross Direct Income	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	78,608	185,687	103,697	185,687	0	No significant variance.
Support Services Recharges	64,760	83,140	0	83,140	0	
Capital Charges	0	0	0	0	0	
Total:	143,368	268,827	103,697	268,827	0	

Projects and Programmes	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	106,357	106,357	68,999	106,357	0	
Non-pay	3,092	3,092	864	3,092	0	
Gross Direct Income	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	109,449	109,449	69,863	109,449	0	No significant variance.
Support Services Recharges	187,680	325,890	0	325,890	0	
Capital Charges	0	0	0	0	0	
Total:	297,129	435,339	69,863	435,339	0	

Offshore Wind Project	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	53,692	53,692	24,931	53,692	0	
Non-pay	44,919	44,919	28,158	44,919	0	
Gross Direct Income	(100,000)	(100,000)	101,937	(100,000)	0	
Net Direct Expenditure/(Income) Total:	(1,389)	(1,389)	155,026	(1,389)	0	No significant variance.
Support Services Recharges	0	0	0	0	0	
Capital Charges	0	0	0	0	0	
Total:	(1,389)	(1,389)	155,026	(1,389)	0	

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Towns Fund	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	0	0	(1,654)	27,800	27,800	Town Deal Consultancy & legal project costs.
Gross Direct Income	0	0	928	(11,220)	(11,220)	Grant income to claim from Norfolk County Council to cover partial legal costs above.
Net Direct Expenditure/(Income) Total:	0	0	(726)	16,580	16,580	
Support Services Recharges	0	0	0	0	0	
Capital Charges	0	0	0	0	0	
Total:	0	0	(726)	16,580	16,580	

Winter Programme - Different Light	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	45,000	45,000	0	45,000	0	
Gross Direct Income	(45,000)	(45,000)	33,135	(45,000)	0	
Net Direct Expenditure/(Income) Total:	0	0	33,135	0	0	No significant variance.
Support Services Recharges	0	0	0	0	0	
Capital Charges	0	0	0	0	0	
Total:	0	0	33,135	0	0	

Levelling Up	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	0	0	250	79,910	79,910	Forecasted expenditure on levelling up projects to funded from grant received in year and balance from prior year in earmarked reserves of £10k.
Gross Direct Income	0	0	(70,000)	(70,000)	(70,000)	Capability Funding received to fund levelling up projects as per expenditure above.
Net Direct Expenditure/(Income) Total:	0	0	(69,750)	9,910	9,910	
Support Services Recharges	0	0	0	0	0	
Capital Charges	0	0	0	0	0	
Total:	0	0	(69,750)	9,910	9,910	

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CCTV	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	114,476	114,476	61,990	114,476	0	
Gross Direct Income	(4,000)	(4,000)	(4,000)	(4,000)	0	
Net Direct Expenditure/(Income) Total:	110,476	110,476	57,990	110,476	0	No significant variance.
Support Services Recharges	21,470	25,140	0	25,140	0	
Capital Charges	35,967	35,967	0	35,967	0	
Total:	167,913	171,583	57,990	171,583	0	

Culture and Leisure	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	86,264	37,626	86,264	0	
Non-pay	301,920	225,512	85,705	225,512	0	
Gross Direct Income	(173,115)	(149,081)	(256,103)	(149,081)	0	
Net Direct Expenditure/(Income) Total:	128,805	162,695	(132,772)	162,695	0	No significant variance.
Support Services Recharges	47,840	66,170	0	66,170	0	
Capital Charges	0	0	0	0	0	
Total:	176,645	228,865	(132,772)	228,865	0	

Indoor Leisure - Phoenix Pool & Marina Centre	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	60,552	60,552	24,020	60,552	0	
Non-pay	104,080	174,830	(127,969)	181,282	6,452	
Gross Direct Income	(211,780)	(216,530)	6,831	(216,530)	0	
Net Direct Expenditure/(Income) Total:	(47,148)	18,852	(97,118)	25,304	6,452	No significant variance.
Support Services Recharges	77,390	111,600	0	111,600	0	
Capital Charges	86,348	86,348	0	86,348	0	
Total:	116,590	216,800	(97,118)	223,252	6,452	

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Conservation	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	161,604	157,900	59,014	157,900	0	
Non-pay	211,261	705,039	452,577	730,039	25,000	Consultancy costs for conservation projects, offset from income received on the below line.
Gross Direct Income	(106,718)	(576,387)	(82,128)	(634,942)	(58,555)	Additional income to be received in year from the secondment of the conservation manager to Great Yarmouth Preservation Trust.
Net Direct Expenditure/(Income) Total:	266,147	286,552	429,463	252,997	(33,555)	
Support Services Recharges	32,840	44,490	0	44,490	0	
Capital Charges	25,408	25,408	0	25,408	0	
Total:	324,395	356,450	429,463	322,895	(33,555)	

Economic Development	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	114,244	114,244	48,800	114,244	0	
Non-pay	1,604	1,604	594	1,604	0	
Gross Direct Income	(117,022)	(117,022)	0	(117,022)	0	
Net Direct Expenditure/(Income) Total:	(1,174)	(1,174)	49,394	(1,174)	0	No significant variance.
Support Services Recharges	106,040	128,710	0	128,710	0	
Capital Charges	0	0	0	0	0	
Total:	104,866	127,536	49,394	127,536	0	

Enterprise GY	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £		Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0		0	
Non-pay	1	1	0		(1)	
Gross Direct Income	0	0	0		0	
Net Direct Expenditure/(Income) Total:	1	1	0		(1)	No significant variance.
Support Services Recharges	0	0	0		0	
Capital Charges	0	0	0		0	
Total:	1	1	0		(1)	

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Enterprise Zone	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	648,180	648,180	7,000	648,180	0	
Gross Direct Income	(780,000)	(780,000)	0	(780,000)	0	
Net Direct Expenditure/(Income) Total:	(131,820)	(131,820)	7,000	(131,820)	0	No significant variance.
Support Services Recharges	0	0	0	0	0	
Capital Charges	0	0	0	0	0	
Total:	(131,820)	(131,820)	7,000	(131,820)	0	
Total Inward Investment:	**1,197,698**	**1,672,192**	**605,202**	**1,671,578**	**(614)**	
Total Inward Investment excluding capital charges and recharges:	**511,955**	**739,329**	**605,202**	**738,715**	**(614)**	
Total Inward Investment excluding recharges:	**659,678**	**887,052**	**605,202**	**886,438**	**(614)**	

Planning and Growth

Building Control	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	260,240	260,240	78,426	209,040	(51,200)	Variance reflects vacancies within the service.
Non-pay	41,627	41,627	19,611	96,827	55,200	Department management is currently being overseen by East Suffolk Council due to a vacancy.
Gross Direct Income	(248,100)	(248,100)	(77,741)	(187,600)	60,500	Problems with filling vacancies is impacting on the departments ability to complete works to gain income, as well as works being lost to external inspectors and the downturn in the construction industry.
Net Direct Expenditure/(Income) Total:	53,767	53,767	20,296	118,267	64,500	
Support Services Recharges	69,290	83,180	0	83,180	0	
Capital Charges	0	0	0	0	0	
Total:	123,057	136,947	20,296	201,447	64,500	

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Development Control	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	660,847	703,518	321,027	703,518	0	
Non-pay	39,675	39,675	26,491	47,975	8,300	
Gross Direct Income	(597,450)	(597,450)	(273,338)	(488,700)	108,750	Nationally there has been a reduction of 13% in the number of planning applications received at the started of 2023 when compared to the same period last year. (DLUHC) which is reflective of the trend we are seeing locally. We have a significant Planning Performance Agreement in the pipeline but not yet finalised so not assumed within the figures. The income from this will cover the costs for temporary resources to deal with this application, thereby ensuring the existing resources are not overwhelmed by this largescale proposal.
Net Direct Expenditure/(Income) Total:	103,072	145,743	74,180	262,793	117,050	
Support Services Recharges	167,580	215,260	0	215,260	0	
Capital Charges	0	0	0	0	0	
Total:	270,652	361,003	74,180	478,053	117,050	

Land Charges	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	49,489	49,489	18,516	50,623	1,134	
Gross Direct Income	(148,126)	(148,126)	(44,527)	(108,126)	40,000	Less searches requested as the housing market has slowed down since the interest rate increases, so income estimated to be similar levels to 2022/23.
Net Direct Expenditure/(Income) Total:	(98,637)	(98,637)	(26,011)	(57,503)	41,134	
Support Services Recharges	29,250	33,340	0	33,340	0	
Capital Charges	0	0	0	0	0	
Total:	(69,387)	(65,297)	(26,011)	(24,163)	41,134	

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Planning business support	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	146,400	108,420	53,045	108,420	0	
Non-pay	0	0	3	0	0	
Gross Direct Income	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	146,400	108,420	53,048	108,420	0	No significant variance.
Support Services Recharges	51,420	59,140	0	59,140	0	
Capital Charges	0	0	0	0	0	
Total:	197,820	167,560	53,048	167,560	0	

Strategic Planning	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	313,185	333,173	143,518	329,173	(4,000)	
Non-pay	119,644	124,644	56,261	115,644	(9,000)	
Gross Direct Income	(22,300)	(22,300)	(33,782)	(22,300)	0	
Net Direct Expenditure/(Income) Total:	410,529	435,517	165,997	422,517	(13,000)	No significant variance.
Support Services Recharges	72,190	88,030	0	88,030	0	
Capital Charges	1,582	1,582	0	1,582	0	
Total:	484,301	525,129	165,997	512,129	(13,000)	

Total Planning and Growth:	**1,006,443**	**1,125,342**	**287,510**	**1,335,026**	**209,684**
Total Planning and Growth excluding capital charges and recharges:	**615,131**	**644,810**	**287,510**	**854,494**	**209,684**
Total Planning and Growth excluding recharges:	**616,713**	**646,392**	**287,510**	**856,076**	**209,684**

Appendix B - General Fund Services - Budget monitoring and commentary 2023/24

Customer Services

Benefits	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	607,054	607,054	282,443	605,554	(1,500)	
Non-pay	20,022,714	20,022,714	8,703,857	19,177,714	(845,000)	Based on current benefits claims and forecasting the year end position based on these.
Gross Direct Income	(20,577,086)	(20,577,086)	(8,719,709)	(19,740,786)	836,300	
Net Direct Expenditure/(Income) Total:	52,682	52,682	266,591	42,482	(10,200)	
Support Services Recharges	83,967	250,247	0	250,247	0	
Capital Charges	0	0	0	0	0	
Total:	136,649	302,929	266,591	292,729	(10,200)	

Crematorium and Cemeteries	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	229,942	229,942	115,668	229,942	0	
Non-pay	822,454	825,454	414,417	832,454	7,000	
Gross Direct Income	(1,643,500)	(1,643,500)	(643,086)	(1,613,500)	30,000	Income currently forecasted based on current projections following lower demand than when the budget was set. This will continue to be monitored and the forecast revised as required.
Net Direct Expenditure/(Income) Total:	(591,104)	(588,104)	(113,001)	(551,104)	37,000	
Support Services Recharges	161,370	207,500	0	207,500	0	
Capital Charges	70,543	70,543	0	70,543	0	
Total:	(359,191)	(310,061)	(113,001)	(273,061)	37,000	

Customer Services	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	655,134	655,134	309,703	642,134	(13,000)	Variance due to vacancies within the service.
Non-pay	12,180	12,180	15,559	12,180	0	
Gross Direct Income	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	667,314	667,314	325,262	654,314	(13,000)	
Support Services Recharges	(222,680)	(698,580)	0	(698,580)	0	
Capital Charges	0	0	0	0	0	
Total:	444,634	(31,266)	325,262	(44,266)	(13,000)	

Appendix B - General Fund Services - Budget monitoring and commentary 2023/24

Support Services	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	166,515	166,515	77,475	171,515	5,000	
Non-pay	36,651	36,651	59,658	37,651	1,000	
Gross Direct Income	0	0	500	0	0	
Net Direct Expenditure/(Income) Total:	203,166	203,166	137,633	209,166	6,000	No significant variance.
Support Services Recharges	(145,270)	(213,940)	0	(213,940)	0	
Capital Charges	2,985	2,985	0	2,985	0	
Total:	60,881	(7,789)	137,633	(1,789)	6,000	

Car Parks	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	442,590	442,590	223,121	439,090	(3,500)	
Non-pay	837,445	834,445	321,776	840,945	6,500	
Gross Direct Income	(2,631,841)	(2,631,841)	(1,659,479)	(2,644,091)	(12,250)	Income is higher than anticipated when the budget was set, so improved position forecast for the year.
Net Direct Expenditure/(Income) Total:	(1,351,806)	(1,354,806)	(1,114,582)	(1,364,056)	(9,250)	
Support Services Recharges	219,120	316,280	0	316,280	0	
Capital Charges	46,827	46,827	0	46,827	0	
Total:	(1,085,859)	(991,699)	(1,114,582)	(1,000,949)	(9,250)	

Revenues	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	815,921	815,921	374,750	790,921	(25,000)	Variance due to vacancies within the service.
Non-pay	243,311	243,311	126,796	243,311	0	
Gross Direct Income	(596,408)	(596,408)	(10,120)	(596,408)	0	
Net Direct Expenditure/(Income) Total:	462,824	462,824	491,426	437,824	(25,000)	
Support Services Recharges	71,810	528,290	0	528,290	0	
Capital Charges	0	0	0	0	0	
Total:	534,634	991,114	491,426	966,114	(25,000)	

Appendix B - General Fund Services - Budget monitoring and commentary 2023/24

Tearooms	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	64,641	64,641	34,796	70,641	6,000	
Non-pay	46,352	46,352	12,216	24,252	(22,100)	Offset of income and costs of sales variances.
Gross Direct Income	(113,882)	(113,882)	(18,243)	(91,782)	22,100	
Net Direct Expenditure/(Income) Total:	(2,889)	(2,889)	28,769	3,111	6,000	
Support Services Recharges	49,290	62,050	0	62,050	0	
Capital Charges	31,336	31,336	0	31,336	0	
Total:	77,737	90,497	28,769	96,497	6,000	

Total Customer Services:	**(190,515)**	**43,725**	**22,098**	**35,275**	**(8,450)**
Total Customer Services excluding capital charges and recharges:	**(559,813)**	**(559,813)**	**22,098**	**(568,263)**	**(8,450)**
	(408,122)	**(408,122)**	**22,098**	**(416,572)**	**(8,450)**

Property and Asset Management

Public Toilets	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	249,094	249,094	154,666	251,399	2,305	
Gross Direct Income	0	0	(2,305)	(2,305)	(2,305)	
Net Direct Expenditure/(Income) Total:	249,094	249,094	152,361	249,094	0	No significant variance.
Support Services Recharges	27,110	39,360	0	39,360	0	
Capital Charges	153,447	153,447	0	153,447	0	
Total:	429,651	441,901	152,361	441,901	0	

Repairs and Maintenance	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	10,589	10,589	10,906	10,589	0	
Gross Direct Income	(97,572)	(97,572)	254,661	(97,572)	0	
Net Direct Expenditure/(Income) Total:	(86,983)	(86,983)	265,567	(86,983)	0	No significant variance.
Support Services Recharges	58,200	85,710	0	85,710	0	
Capital Charges	205,389	205,389	0	205,389	0	
Total:	176,606	204,116	265,567	204,116	0	

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Footway Lighting	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	143,849	143,849	37,258	211,349	67,500	Budget setting process for 2023/24 did not fully reflect the higher energy costs in the 2022/23 year, after allowance of the agreed saving in 2023/24.
Gross Direct Income	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	143,849	143,849	37,258	211,349	67,500	
Support Services Recharges	63,120	93,100	0	93,100	0	
Capital Charges	69,718	69,718	0	69,718	0	
Total:	276,687	306,667	37,258	374,167	67,500	

Coastal Protection	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	203,828	203,828	97,974	205,328	1,500	
Non-pay	115,882	115,882	14,111	118,882	3,000	
Gross Direct Income	(154,853)	(154,853)	(74,903)	(159,353)	(4,500)	
Net Direct Expenditure/(Income) Total:	164,857	164,857	37,182	164,857	0	No significant variance.
Support Services Recharges	56,480	76,070	0	76,070	0	
Capital Charges	362,693	362,693	0	362,693	0	
Total:	584,030	603,620	37,182	603,620	0	

Community Centres	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	5,443	5,443	8,508	10,443	5,000	
Gross Direct Income	(1,774)	(1,774)	(2,586)	(3,774)	(2,000)	
Net Direct Expenditure/(Income) Total:	3,669	3,669	5,922	6,669	3,000	No significant variance.
Support Services Recharges	20,400	28,940	0	28,940	0	
Capital Charges	25,213	25,213	0	25,213	0	
Total:	49,282	57,822	5,922	60,822	3,000	

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Council Offices - Town Hall	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	252,456	252,456	120,364	252,456	0	
Gross Direct Income	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	252,456	252,456	120,364	252,456	0	No significant variance.
Support Services Recharges	(209,290)	(268,280)	0	(268,280)	0	
Capital Charges	15,821	15,821	0	15,821	0	
Total:	58,987	(3)	120,364	(3)	0	

Council Offices - Greyfriars	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	157,707	157,707	53,132	142,707	(15,000)	Underspend on utilities (gas).
Gross Direct Income	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	157,707	157,707	53,132	142,707	(15,000)	
Support Services Recharges	(117,810)	(165,410)	0	(165,410)	0	
Capital Charges	7,710	7,710	0	7,710	0	
Total:	47,607	7	53,132	(14,993)	(15,000)	

Council Offices - Maritime House	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	26,765	26,765	19,175	29,765	3,000	
Gross Direct Income	(4,000)	(4,000)	0	0	4,000	
Net Direct Expenditure/(Income) Total:	22,765	22,765	19,175	29,765	7,000	No significant variance.
Support Services Recharges	10,430	14,570	0	14,570	0	
Capital Charges	4,560	4,560	0	4,560	0	
Total:	37,755	41,895	19,175	48,895	7,000	

Appendix B - General Fund Services - Budget monitoring and commentary 2023/24

Council Offices - Catalyst Centre	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	84,066	84,066	13,734	59,066	(25,000)	Underspend on utilities (gas and electricity).
Gross Direct Income	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	84,066	84,066	13,734	59,066	(25,000)	
Support Services Recharges	(36,680)	(87,860)	0	(87,860)	0	
Capital Charges	3,797	3,797	0	3,797	0	
Total:	51,183	3	13,734	(24,997)	(25,000)	

Beach Huts	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	27,448	27,448	13,393	29,448	2,000	
Non-pay	13,711	13,711	3,489	10,661	(3,050)	
Gross Direct Income	(79,335)	(79,335)	(84,568)	(76,285)	3,050	
Net Direct Expenditure/(Income) Total:	(38,176)	(38,176)	(67,686)	(36,176)	2,000	No significant variance.
Support Services Recharges	29,860	41,930	0	41,930	0	
Capital Charges	0	0	0	0	0	
Total:	(8,316)	3,754	(67,686)	5,754	2,000	

Easter Fayre	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	20,371	20,371	21,756	22,371	2,000	
Gross Direct Income	(20,371)	(20,371)	(13,968)	(13,871)	6,500	
Net Direct Expenditure/(Income) Total:	0	0	7,788	8,500	8,500	No significant variance.
Support Services Recharges	4,410	6,750	0	6,750	0	
Capital Charges	0	0	0	0	0	
Total:	4,410	6,750	7,788	15,250	8,500	

Appendix B - General Fund Services - Budget monitoring and commentary 2023/24

Markets	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	77,595	77,595	45,065	79,595	2,000	
Non-pay	235,734	235,734	123,692	234,557	(1,177)	
Gross Direct Income	(185,769)	(185,769)	(144,369)	(174,769)	11,000	Income is lower than budgeted as a result of the delay in the delivery of the next phase of the capital project. Also this has impacted on the demand for two day and casual markets.
Net Direct Expenditure/(Income) Total:	127,560	127,560	24,388	139,383	11,823	
Support Services Recharges	57,580	79,540	0	79,540	0	
Capital Charges	4,820	4,820	0	4,820	0	
Total:	189,960	211,920	24,388	223,743	11,823	

Go Trade	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	0	0	4,302	0	0	
Gross Direct Income	0	0	3,953	0	0	
Net Direct Expenditure/(Income) Total:	0	0	8,255	0	0	No significant variance.
Support Services Recharges	0	0	0	0	0	
Capital Charges	0	0	0	0	0	
Total:	0	0	8,255	0	0	

Novus Centre	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	44,761	44,761	19,661	68,648	23,887	Increase in energy costs and repairs and maintenance spend.
Gross Direct Income	(41,867)	(41,867)	0	(40,000)	1,867	
Net Direct Expenditure/(Income) Total:	2,894	2,894	19,661	28,648	25,754	
Support Services Recharges	2,400	2,400	0	2,400	0	
Capital Charges	0	0	0	0	0	
Total:	5,294	5,294	19,661	31,048	25,754	

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Bretts	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	56,125	56,125	8,868	56,125	0	
Gross Direct Income	(52,101)	(52,101)	30,861	(52,101)	0	
Net Direct Expenditure/(Income) Total:	4,024	4,024	39,729	4,024	0	No significant variance.
Support Services Recharges	8,700	11,350	0	11,350	0	
Capital Charges	0	0	0	0	0	
Total:	12,724	15,374	39,729	15,374	0	

Courts	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	20,093	20,093	5,735	20,093	0	
Gross Direct Income	(14,300)	(14,300)	18,945	(14,300)	0	
Net Direct Expenditure/(Income) Total:	5,793	5,793	24,680	5,793	0	No significant variance.
Support Services Recharges	11,080	15,270	0	15,270	0	
Capital Charges	0	0	0	0	0	
Total:	16,873	21,063	24,680	21,063	0	

South Denes Energy Park	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	5,455	5,455	3,435	5,455	0	
Gross Direct Income	(8,004)	(8,004)	(4,669)	(8,004)	0	
Net Direct Expenditure/(Income) Total:	(2,549)	(2,549)	(1,234)	(2,549)	0	No significant variance.
Support Services Recharges	24,970	35,990	0	35,990	0	
Capital Charges	0	0	0	0	0	
Total:	22,421	33,441	(1,234)	33,441	0	

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Factory Units	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	19,965	19,965	24,319	26,465	6,500	
Gross Direct Income	(113,337)	(113,337)	(63,226)	(106,687)	6,650	
Net Direct Expenditure/(Income) Total:	(93,372)	(93,372)	(38,907)	(80,222)	13,150	No significant variance.
Support Services Recharges	23,470	28,930	0	28,930	0	
Capital Charges	0	0	0	0	0	
Total:	(69,902)	(64,442)	(38,907)	(51,292)	13,150	

Minerva House	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	11,094	11,094	4,428	11,094	0	
Gross Direct Income	(66,118)	(66,118)	(58,000)	(86,743)	(20,625)	Full rental of Minerva House, stepped rent increase not budgeted for.
Net Direct Expenditure/(Income) Total:	(55,024)	(55,024)	(53,572)	(75,649)	(20,625)	
Support Services Recharges	5,970	7,810	0	7,810	0	
Capital Charges	0	0	0	0	0	
Total:	(49,054)	(47,214)	(53,572)	(67,839)	(20,625)	

Corporate Estates	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	10	10	30	10	0	
Non-pay	482,992	482,992	380,307	482,992	0	
Gross Direct Income	(2,500,903)	(2,500,903)	(909,486)	(2,245,903)	255,000	Various rental income targets are not being achieved, due to a variety of reasons (empty properties, requiring repairs, lack of interest etc). Further investigation is ongoing to these variances and action is being taken in the year to look to mitigate this shortfall.
Net Direct Expenditure/(Income) Total:	(2,017,901)	(2,017,901)	(529,149)	(1,762,901)	255,000	
Support Services Recharges	493,510	637,680	0	637,680	0	
Capital Charges	34,945	34,945	0	34,945	0	
Total:	(1,489,446)	(1,345,276)	(529,149)	(1,090,276)	255,000	

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Onians	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	1,480	1,480	500	1,480	0	
Gross Direct Income	(9,900)	(9,900)	(2,400)	(5,400)	4,500	
Net Direct Expenditure/(Income) Total:	(8,420)	(8,420)	(1,900)	(3,920)	4,500	No significant variance.
Support Services Recharges	8,960	11,960	0	11,960	0	
Capital Charges	0	0	0	0	0	
Total:	540	3,540	(1,900)	8,040	4,500	

Property Services	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	953,584	953,584	376,976	953,584	0	
Non-pay	52,062	52,062	28,456	52,062	0	
Gross Direct Income	(293,317)	(293,317)	537	(293,317)	0	
Net Direct Expenditure/(Income) Total:	712,329	712,329	405,969	712,329	0	No significant variance.
Support Services Recharges	(494,480)	(739,540)	0	(739,540)	0	
Capital Charges	0	0	0	0	0	
Total:	217,849	(27,211)	405,969	(27,211)	0	

Beacon Park	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	236,900	236,900	59,697	194,400	(42,500)	Underspends on electricity costs as these are now being paid by the tenants. Also promotional costs have been lower than anticipated.
Gross Direct Income	(1,111,362)	(1,111,362)	(829,996)	(1,068,862)	42,500	Relevant increase in costs (insurance, electricity etc) noted above not yet recharged to occupiers.
Net Direct Expenditure/(Income) Total:	(874,462)	(874,462)	(770,299)	(874,462)	0	
Support Services Recharges	40,580	55,730	0	55,730	0	
Capital Charges	167,469	167,469	0	167,469	0	
Total:	(666,413)	(651,263)	(770,299)	(651,263)	0	

Appendix B - General Fund Services - Budget monitoring and commentary 2023/24

37-39 Market Place (Palmers / The Place)	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	42,992	42,992	77,515	110,273	67,281	Costs for business rates and utilities are being incurred whilst the site is under development. Business rates are under appeal with the VOA during the construction phase and therefore funded from earmarked reserves. Subsequently, any refund will then be transferred to back into earmarked reserves.
Gross Direct Income	0	0	(6,667)	0	0	
Net Direct Expenditure/(Income) Total:	42,992	42,992	70,848	110,273	67,281	
Support Services Recharges	5,960	7,680	0	7,680	0	
Capital Charges	0	0	0	0	0	
Total:	48,952	50,672	70,848	117,953	67,281	

Property Building Services	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	493,081	487,081	104,655	497,081	10,000	Additional spend on children's play equipment funded by contributions.
Gross Direct Income	0	0	(5,298)	(10,000)	(10,000)	
Net Direct Expenditure/(Income) Total:	493,081	487,081	99,357	487,081	0	
Support Services Recharges	0	0	0	0	0	
Capital Charges	0	0	0	0	0	
Total:	493,081	487,081	99,357	487,081	0	

Waterways	Original Budget 2022/23 £	Current Budget 2022/23 £	P4 YTD actual 2022/23 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	16,149	16,149	15,462	30,730	14,581	Utility costs (electricity) and final payment to Trust managing the site.
Gross Direct Income	(1,000)	(1,000)	0	0	1,000	
Net Direct Expenditure/(Income) Total:	15,149	15,149	15,462	30,730	15,581	
Support Services Recharges	18,040	25,840	0	25,840	0	
Capital Charges	0	0	0	0	0	
Total:	33,189	40,989	15,462	56,570	15,581	

Appendix B - General Fund Services - Budget monitoring and commentary 2023/24

Preliminary Densification Costs	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	86,000	86,000	7,000	7,000	(79,000)	Costs anticipated to be recovered from funding.
Gross Direct Income	(86,000)	(86,000)	0	0	86,000	
Net Direct Expenditure/(Income) Total:	0	0	7,000	7,000	7,000	
Support Services Recharges	2,400	2,400	0	2,400	0	
Capital Charges	0	0	0	0	0	
Total:	2,400	2,400	7,000	9,400	7,000	

Gorleston Splash Pad	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	13,720	13,720	7,957	14,720	1,000	
Non-pay	13,337	13,337	3,820	12,337	(1,000)	
Gross Direct Income	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	27,057	27,057	11,777	27,057	0	No significant variance.
Support Services Recharges	8,730	10,830	0	10,830	0	
Capital Charges	0	0	0	0	0	
Total:	35,787	37,887	11,777	37,887	0	
Total Property and Asset Management:	**512,137**	**440,787**	**(23,132)**	**868,251**	**427,464**	
Total Property and Asset Management excluding capital charges and recharges:	**(667,545)**	**(673,545)**	**(23,132)**	**(246,081)**	**427,464**	
Total Property and Asset Management excluding recharges:	**388,037**	**382,037**	**(23,132)**	**809,501**	**427,464**	

Appendix B - General Fund Services - Budget monitoring and commentary 2023/24

IT, Communications, Marketing and Events

Communications	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	181,732	181,732	86,335	181,732	0	
Non-pay	15,170	15,170	16,313	20,670	5,500	
Gross Direct Income	(25,520)	(25,520)	(197)	(25,520)	0	
Net Direct Expenditure/(Income) Total:	171,382	171,382	102,451	176,882	5,500	No significant variance.
Support Services Recharges	(147,990)	(175,550)	0	(175,550)	0	
Capital Charges	0	0	0	0	0	
Total:	23,392	(4,168)	102,451	1,332	5,500	

Print and Design	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	103,618	103,618	89,261	103,618	0	
Non-pay	16,030	16,030	34,943	16,030	0	
Gross Direct Income	(7,700)	(7,700)	(27,203)	(7,700)	0	
Net Direct Expenditure/(Income) Total:	111,948	111,948	97,001	111,948	0	No significant variance.
Support Services Recharges	(139,850)	(214,620)	0	(214,620)	0	
Capital Charges	0	0	0	0	0	
Total:	(27,902)	(102,672)	97,001	(102,672)	0	

Tourism	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	1,468	0	0	
Non-pay	14,366	14,366	9,391	14,366	0	
Gross Direct Income	0	0	1,952	0	0	
Net Direct Expenditure/(Income) Total:	14,366	14,366	12,811	14,366	0	No significant variance.
Support Services Recharges	264,510	299,920	0	299,920	0	
Capital Charges	0	0	0	0	0	
Total:	278,876	314,286	12,811	314,286	0	

Appendix B - General Fund Services - Budget monitoring and commentary 2023/24

Civic and Portering	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	172,714	172,714	59,223	172,714	0	
Non-pay	32,552	32,552	15,961	32,552	0	
Gross Direct Income	(3,000)	(3,000)	0	(3,000)	0	
Net Direct Expenditure/(Income) Total:	202,266	202,266	75,184	202,266	0	No significant variance.
Support Services Recharges	(66,860)	(209,050)	0	(209,050)	0	
Capital Charges	0	0	0	0	0	
Total:	135,406	(6,784)	75,184	(6,784)	0	

Mayor	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	11,076	11,076	2,996	10,544	(532)	
Gross Direct Income	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	11,076	11,076	2,996	10,544	(532)	No significant variance.
Support Services Recharges	14,390	15,340	0	15,340	0	
Capital Charges	0	0	0	0	0	
Total:	25,466	26,416	2,996	25,884	(532)	

Events	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	34,744	34,744	37,605	34,744	0	
Non-pay	78,522	79,522	31,980	79,522	0	
Gross Direct Income	(117,973)	(117,973)	(54,071)	(117,973)	0	
Net Direct Expenditure/(Income) Total:	(4,707)	(3,707)	15,514	(3,707)	0	No significant variance.
Support Services Recharges	78,720	157,520	0	157,520	0	
Capital Charges	0	0	0	0	0	
Total:	74,013	153,813	15,514	153,813	0	

Appendix B - General Fund Services - Budget monitoring and commentary 2023/24

ICT	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	481,730	481,730	162,222	481,730	0	
Non-pay	861,540	861,540	282,873	858,971	(2,569)	
Gross Direct Income	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	1,343,270	1,343,270	445,095	1,340,701	(2,569)	No significant variance.
Support Services Recharges	(1,339,670)	(1,464,660)	0	(1,464,660)	0	
Capital Charges	107,504	107,504	0	107,504	0	
Total:	111,104	(13,886)	445,095	(16,455)	(2,569)	
Total IT, Communications, Marketing and Events:	**620,355**	**367,005**	**751,052**	**369,404**	**2,399**	
Total IT, Communications, Marketing and Events excluding capital charges and recharges:	**1,849,601**	**1,850,601**	**751,052**	**1,853,000**	**2,399**	
Total IT, Communications, Marketing and Events excluding recharges:	**1,957,105**	**1,958,105**	**751,052**	**1,960,504**	**2,399**	

Environmental Services

Environmental Health	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	1,353,357	1,409,543	563,952	1,409,543	0	
Non-pay	849,264	928,442	459,124	968,766	40,324	Operational Property Enforcement Group (OPEG) costs funded by the enforcement earmarked reserve and estimated legal costs for a case in November.
Gross Direct Income	(106,851)	(219,016)	(40,148)	(177,552)	41,464	Reduction in levels of funeral costs recovered as there has been a vacancy within the department.
Net Direct Expenditure/(Income) Total:	2,095,770	2,118,969	982,928	2,200,757	81,788	
Support Services Recharges	265,910	363,230	0	363,230	0	
Capital Charges	10,168	10,168	0	10,168	0	
Total:	2,371,848	2,492,367	982,928	2,574,155	81,788	

Appendix B - General Fund Services - Budget monitoring and commentary 2023/24

Selective Licensing	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	56,377	56,377	45,142	56,377	0	
Non-pay	5,821	5,821	306	5,821	0	
Gross Direct Income	0	0	(53,143)	0	0	
Net Direct Expenditure/(Income) Total:	62,198	62,198	(7,695)	62,198	0	No significant variance.
Support Services Recharges	0	0	0	0	0	
Capital Charges	0	0	0	0	0	
Total:	62,198	62,198	(7,695)	62,198	0	

Grounds Maintenance	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	678,447	678,447	375,860	675,102	(3,345)	
Gross Direct Income	(54,945)	(54,945)	(50)	(54,945)	0	
Net Direct Expenditure/(Income) Total:	623,502	623,502	375,810	620,157	(3,345)	No significant variance.
Support Services Recharges	18,990	23,300	0	23,300	0	
Capital Charges	75,485	75,485	0	75,485	0	
Total:	717,977	722,287	375,810	718,942	(3,345)	

Street Cleansing	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	691,063	697,063	405,790	697,063	0	
Gross Direct Income	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	691,063	697,063	405,790	697,063	0	No significant variance.
Support Services Recharges	14,290	16,750	0	16,750	0	
Capital Charges	0	0	0	0	0	
Total:	705,353	713,813	405,790	713,813	0	

Appendix B - General Fund Services - Budget monitoring and commentary 2023/24

Waste Management	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	107,260	107,260	54,624	107,260	0	
Non-pay	3,394,684	3,394,684	1,987,499	3,507,584	112,900	Variable gate fees are higher than estimated in the budget. This is offset by additional income from recycling credits.
Gross Direct Income	(1,492,246)	(1,492,246)	(1,124,424)	(1,608,646)	(116,400)	Recycling rates are higher than expected.
Net Direct Expenditure/(Income) Total:	2,009,698	2,009,698	917,699	2,006,198	(3,500)	
Support Services Recharges	122,900	149,250	0	149,250	0	
Capital Charges	20,050	20,050	0	20,050	0	
Total:	2,152,648	2,178,998	917,699	2,175,498	(3,500)	

Parks and Outdoor spaces	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	211,970	211,970	128,915	222,228	10,258	Maintenance of the new site at Diana Way funded by a transfer from earmarked reserves.
Gross Direct Income	0	0	0	0	0	
Net Direct Expenditure/(Income) Total:	211,970	211,970	128,915	222,228	10,258	
Support Services Recharges	26,900	35,390	0	35,390	0	
Capital Charges	3,411	3,411	0	3,411	0	
Total:	242,281	250,771	128,915	261,029	10,258	

Outdoor Sports	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	0	0	0	0	
Non-pay	483,520	483,520	311,674	487,363	3,843	
Gross Direct Income	(102,166)	(102,166)	(73,368)	(97,416)	4,750	
Net Direct Expenditure/(Income) Total:	381,354	381,354	238,306	389,947	8,593	No significant variance.
Support Services Recharges	36,740	49,270	0	49,270	0	
Capital Charges	62,458	62,458	0	62,458	0	
Total:	480,552	493,082	238,306	501,675	8,593	

Appendix B - General Fund Services - Budget monitoring and commentary 2023/24

Licensing	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	202,550	202,550	93,441	203,550	1,000	
Non-pay	42,736	42,736	40,348	43,736	1,000	
Gross Direct Income	(311,230)	(311,230)	(239,418)	(311,230)	0	
Net Direct Expenditure/(Income) Total:	(65,944)	(65,944)	(105,629)	(63,944)	2,000	No significant variance.
Support Services Recharges	182,150	213,730	0	213,730	0	
Capital Charges	0	0	0	0	0	
Total:	116,206	147,786	(105,629)	149,786	2,000	
Total Environmental Services:	**6,849,063**	**7,061,302**	**2,936,124**	**7,157,096**	**95,794**	
Total Environmental Services excluding capital charges and recharges:	**6,009,611**	**6,038,810**	**2,936,124**	**6,134,604**	**95,794**	
Total Environmental Services excluding recharges:	**6,181,183**	**6,210,382**	**2,936,124**	**6,306,176**	**95,794**	

Health Integration and Communities (new)

Health Integration (previously COVID-19 costs)	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	0	420,222	182,579	420,222	0	
Non-pay	0	654,685	132,266	654,685	0	
Gross Direct Income	0	(1,074,907)	(896,917)	(1,074,907)	0	
Net Direct Expenditure/(Income) Total:	0	0	(582,072)	0	0	No significant variance.
Support Services Recharges	0	0	0	0	0	
Capital Charges	0	0	0	0	0	
Total:	0	0	(582,072)	0	0	

Appendix B - General Fund Services - Budget monitoring and commentary 2023/24

Neighbourhood Management	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	424,046	424,046	165,936	274,046	(150,000)	Positions covered by funding from current and previous years. Balances at yearend will be transferred to earmarked reserves.
Non-pay	199,967	199,967	42,760	254,467	54,500	Additional costs funded by funding held in earmarked reserves and additional in year funding received as per below.
Gross Direct Income	(316,675)	(316,675)	(227,488)	(398,675)	(82,000)	Additional funding streams above original budget.
Net Direct Expenditure/(Income) Total:	307,338	307,338	(18,792)	129,838	(177,500)	
Support Services Recharges	47,080	66,190	0	66,190	0	
Capital Charges	0	0	0	0	0	
Total:	354,418	373,528	(18,792)	196,028	(177,500)	

Better Care Fund	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	128,159	128,159	47,451	128,159	0	
Non-pay	22,364	22,364	1,173	22,364	0	
Gross Direct Income	(157,019)	(157,019)	(119,423)	(157,019)	0	
Net Direct Expenditure/(Income) Total:	(6,496)	(6,496)	(70,799)	(6,496)	0	No significant variance.
Support Services Recharges	39,370	47,660	0	47,660	0	
Capital Charges	0	0	0	0	0	
Total:	32,874	41,164	(70,799)	41,164	0	

Safe at Home	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Commentary
Gross Direct Expenditure:						
Pay	273,910	273,910	97,400	273,910	0	
Non-pay	53,649	53,649	14,346	53,649	0	
Gross Direct Income	(258,247)	(258,247)	(63,096)	(258,247)	0	
Net Direct Expenditure/(Income) Total:	69,312	69,312	48,650	69,312	0	No significant variance.
Support Services Recharges	63,600	76,080	0	76,080	0	
Capital Charges	0	0	0	0	0	
Total:	132,912	145,392	48,650	145,392	0	

Appendix B - General Fund Services - Budget monitoring and commentary 2023/24

Total Health Integration and Communities Services:	**520,204**	**560,084**	**(623,013)**	**382,584**	**(177,500)**
Total Health Integration and Communities Services excluding capital charges and recharges:	**370,154**	**370,154**	**(623,013)**	**192,654**	**(177,500)**
Total Health Integration and Communities Services excluding recharges:	**370,154**	**370,154**	**(623,013)**	**192,654**	**(177,500)**

Total for Services:	**12,681,825**	**12,513,527**	**6,090,635**	**13,505,814**	**992,516**
Total for Services excluding capital charges and recharges:	**12,635,438**	**12,929,690**	**6,090,635**	**13,921,977**	**992,287**
Total for Services excluding recharges:	**14,313,088**	**14,607,340**	**6,090,635**	**15,599,627**	**992,287**

Appendix C - Summary of General Fund Services Income & Expenditure (detail within Appendix B) for Month 6 2023/24

	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £
Employee	13,960,310	14,661,521	6,505,477	14,460,821	(200,700)
Premises	6,398,586	6,438,979	3,363,585	6,682,285	243,306
Transport	131,348	139,529	73,410	143,492	3,963
Supplies & Services	5,583,964	6,697,373	3,201,229	7,546,287	848,914
Third Party Payments	3,840,527	3,840,527	1,762,175	3,846,027	5,500
Transfer Payments	20,734,367	20,800,367	8,692,415	20,012,035	(788,332)
Support Services	135,000	135,000	53,220	135,000	0
Capital Charges	1,677,650	1,677,650	0	1,677,650	0
Support Services - Recharges Out	(9,383,503)	(12,516,183)	0	(12,516,183)	0
Support Services - Recharges In	9,383,503	12,516,183	0	12,516,183	0
Income	(38,146,149)	(39,783,606)	(17,560,876)	(38,903,970)	879,636
	14,315,603	**14,607,340**	**6,090,635**	**15,599,627**	**992,287**

Appendix D - 2023/24 Budget Process - Additional income and savings proposals

Service Area	Description	2023/24 Original	In year update 2023/24 (period 6)	Period 6 Commentary	2024/25 Update	2025/26 Update
THEME - Strategic Asset Management						
Property and Asset Mgt	Review of building usage and occupancy and options for disposal, to deliver income and savings will require a project plan and options.	(70,000)	0	Cabinet approved in July the Building Rationalisation project which will see the disposal of Greyfriars, the timescale of this project will mean there will some slippage in the delivery of the saving and a revised saving target for future years.	(214,593)	(214,593)
Housing	Reduction to ongoing costs at Gapton hall site pending wider capital works	(8,500)	0	Business case considering options is being drafted. Action taken should ensure savings are achieved.	(26,000)	(26,000)
THEME - Sustainability Strategy						
Property and Asset Mgt	Partial night switch off of footway lighting, would reduce carbon emissions also.	(94,000)	(47,000)	In progress. The partial night switch off has begun but was delayed slightly due to arranging for a supply of controllers. There has been some issues due to some of the old style lanterns not being compatible with the new controllers, althought these lanterns are being replaced by LED lanterns.	(94,000)	(94,000)
THEME - Economic and Housing Growth						
Planning	Proactively charging for planning performance agreements and using own Building Control Service.	(40,000)	0	Staff vacancies have reduced capacity within the team so no internal agreements have been carried out so far this year.	(40,000)	(40,000)
THEME - GYBC Operating Model						
Finance/IT	Reduction to the Annual Internal Audit Plan	(9,000)	(9,000)	Internal audit plan budget updated	(9,000)	(9,000)
Housing	Home Improvement Agency income	(37,000)	0	Further review work required	(37,000)	(37,000)
Housing	Temporary accommodation reduction in costs	(45,000)	0	Current rise in demand and having to use bed and breakfast accomodation means this saving is unlikely to be achieved in 2023/24. Action is being taken to look to address this to mitigate the increased cost from using bed and breakfast accomodation and achieve savings in future years.	(53,120)	(69,360)
Inward Investment	Updating the budget for the UKSPF	(89,757)	(89,757)	On target to be delivered	(64,000)	0
Environmental Services	Removal of the GY in Bloom dedicated budget for the provision to become self funding.	(15,000)	(15,000)	Actioned for 2023/24	(15,000)	(15,000)
Environmental Services	Review of the communal bin rounds which in some residential centres is now collecting waste from locations 3-4 times per week.	(5,000)	(5,000)	On target - review underway for implementation	(185,000)	(185,000)
Environmental Services	Review of the pest control service and contribution paid.	(30,000)	(30,000)	On target	(30,000)	(30,000)
Neighbourhoods & Communities	Utilisation of external grant	(54,000)	(54,000)	On target	0	0
Customer Services - Revenues	Removal of 30 day council tax empty and unoccupied exemption	(19,327)	(19,327)	On target	(44,034)	(44,034)
Environmental Services	Review of the recycling gate fee.	(45,000)	(45,000)	On target	0	0
THEME - GYBC Operating Model - Contracts						

Appendix D - 2023/24 Budget Process - Additional income and savings proposals

Service Area	Description	2023/24 Original	In year update 2023/24 (period 6)	Period 6 Commentary	2024/25 Update	2025/26 Update
Finance/IT	Review of the desktop printer provision	(15,000)	(15,000)	On target - contract being reviewed.	(5,000)	(5,000)
Finance/IT	Review provision of mobile device/sim cards no longer used/required where wifi provision available	(15,000)	(15,000)	In progress, all devices under review and unused sim cards being removed/turned off.	(15,000)	(15,000)
THEME - GYBC Operating Model - Efficiencies						
Finance/IT	Review various corporate budget lines in line with prior years spend	(37,000)	(37,000)	Implemented for the 2023/24 budget	(37,000)	(37,000)
Environmental Services	Removal of the recycling promotion budget to be funded via invest to save.	(20,000)	(20,000)	Implemented for the 2023/24 budget	(20,000)	(20,000)
Various	Various smaller savings to be delivered across services.	(20,879)	(20,879)	Implemented for the 2023/24 budget	(20,879)	(20,879)
Various	Vacant posts across a number of service areas to be reviewed	(164,053)	(164,053)	Implemented for the 2023/24 budget	(166,933)	(169,921)
THEME - GYBC Operating Model - Fees and Charges						
Customer Services - Revenues	Extended opening of Great Yarmouth Long Stay Car Parks operating times	(11,400)	(11,400)	On target, no significant variance on car parking income to Q6.	(11,400)	(11,400)
Customer Services - Revenues	Review of the car parking enforcement provision	(17,630)	(11,700)	On target, no significant variance on car parking income to Q6.	(29,725)	(30,200)
Customer Services - Revenues	Increases to the Seafront Long Stay fees and charges	(81,591)	(81,591)	On target, no significant variance on car parking income to Q6 following summer season.	(81,591)	(81,591)
		(944,137)	**(690,707)**		**(1,257,102)**	**(1,212,805)**
Various	Savings/Costs to be allocated to services, subject to business cases to be delivered in the year	(163,600)	(163,600)	Further review required, whilst no variance currently identified, some is being met by other vacancies.	(169,000)	(174,900)
		(163,600)	**(163,600)**		**(169,000)**	**(174,900)**
	TOTAL SAVINGS/INCOME	**(1,107,737)**	**(854,307)**		**(1,426,102)**	**(1,387,705)**

Appendix E - General Fund Capital Programme - Detail - 2023/24

Services & Projects	2023/24 Budget £000				2023/24 Expenditure £000		2023/24 Financing - £000			
	Budget approved by Cabinet July 2023	Q1 Amendments	Q2 Amendments	Updated Budget 23/24	Actuals to 30-09-23	Forecast 23/24	Borrowing	Grants & Contributions	Revenue/ Earmarked Reserves	Capital Receipts
Capital Loans & Company Financing	13,182	328	72	13,582	888	2,800	13,082	-	-	500
Total: Executive	**13,182**	**328**	**72**	**13,582**	**888**	**2,800**	**13,082**	**-**	**-**	**500**
Wellesley 3G Pitch & Tennis Pavilion	72			72	45	80	59	13	-	-
Gorleston Tennis Courts Refurbishment	14			14	20	14	-	14	-	-
Refurbishment of Park at Diana Way, Caister	126			126	4	126	-	126	-	-
UK Prosperity Fund	40			40	-	40	-	40	-	-
Rural England Prosperity Fund	-	160		160	-	160	-	160	-	-
Total: Communities	**252**	**160**		**412**	**69**	**420**	**59**	**352**	**-**	**-**
St Nicholas Minster West Boundary Wall	67			67	-	67	67	-	-	-
St Nicholas car park north Boundary Wall	25			25	-	25	25	-	-	-
Height Barriers for Seafront Short Stay Car Parks	13			13	13	13	13	-	-	-
Crematorium Main Roof Works	60			60	-	60	60	-	-	-
Crematorium Tearooms	31			31	-	31	31	-	-	-
Total: Customer Services	**196**	**-**		**196**	**13**	**196**	**196**	**-**	**-**	**-**
Town Deal - O&M	1,500		-	1,500	-	1,500	1,500	-	-	-
Town Deal - Incubator Units	485		-409	76	42	76	-	76	-	-
Town Deal - North Quay	1,455	3,561	395	5,410	121	5,410	395	5,016	-	-
Town Deal - Wintergardens	300		-	300	-	-	-	300	-	-
Town Deal - Restoration of Vacant Historic Buildings	224		-	224	60	224	-	224	-	-
Town Deal - Restoration & Adaptation of the Ice House	500		-	500	280	456	-	450	50	-
Town Deal - Connectivity & Public Wayfinding	30		-	30	-	30	-	30	-	-
Town Deal - Train Station Improvements	202		-202	-	-	-	-	-	-	-
Town Deal & Future High Street - Learning Centre	4,115		700	4,815	368	4,815	219	4,596	-	-
Town Deal & Future High Street - Digital Connectivity	428		-159	269	-	269	-	269	-	-
Future High Street Fund - Market Place - 6 Day	1,221		-	1,221	879	1,221	-0	1,221	-	-
Future High Street Fund - Market Place - Realm	4,114		1,198	5,311	30	2,000	1,175	3,551	-	585
Future High Streets - Conge South	331		-	331	90	331	116	214	-	-
Future High Streets - Conge North	-		210	210	-	210	-	210	-	-
Future High Streets - Densification	4,839		-4,822	18	17	18	-	18	-	-
Heritage Action Zone (HAZ)	51		-	51	-	51	-	51	-	-
Total: Inward Investment	**19,796**	**3,561**	**-3,090**	**20,266**	**1,886**	**16,611**	**3,405**	**16,226**	**50**	**585**

Appendix E - General Fund Capital Programme - Detail - 2023/24

	2023/24 Budget £000				2023/24 Expenditure £000		2023/24 Financing - £000			
Services & Projects	Budget approved by Cabinet July 2023	Q1 Amendments	Q2 Amendments	Updated Budget 23/24	Actuals to 30-09-23	Forecast 23/24	Borrowing	Grants & Contributions	Revenue/ Earmarked Reserves	Capital Receipts
Disabled Facilities Grants	2,673			2,673	422	1,200	-	2,673	-	-
Better Care Fund Projects	-			-	3	-	-	-	-	-
Norfolk & Waveney Equity Loan Scheme	164			164	-	50	-	-	-	164
Equity Home Improvement Loans	605			605	-	50	-	-	-	605
Empty Homes	510			510	-	510	482	-	-	28
HMOs /Guesthouse Purchase & Repair Scheme	1,170			1,170	10	1,170	1,170	-	-	-
Temporary Accommodation Decent Homes	50			50	-	50	-	-	50	-
Acquisition of property for transitional housing	823			823	7	823	626	165	-	33
Sustainable Warmth - LAD 3	727			727	-	727	-	727	-	-
Homes Upgrade Grants (HUG 1)	1,363			1,363	-	777	-	1,363	-	-
Homes Upgrade Grants (HUG 2)	2,700			2,700	-	2,475	-	2,700	-	-
LAHF Funded Temporary Accommodation	-	1,230		1,230	-	1,230	704	526	-	-
Community Housing Fund	540			540	-	200	-	-	540	-
Total: Housing	**11,326**	**1,230**		**12,556**	**442**	**9,262**	**2,982**	**8,154**	**590**	**830**
ICT Investment to deliver GYBC ICT Strategy	950			950	15	950	-	-	30	920
Total: IT, Communications & Marketing	**950**	**-**		**950**	**15**	**950**	**-**	**-**	**30**	**920**

Appendix E - General Fund Capital Programme - Detail - 2023/24

Services & Projects	2023/24 Budget £000				2023/24 Expenditure £000		2023/24 Financing - £000			
	Budget approved by Cabinet July 2023	Q1 Amendments	Q2 Amendments	Updated Budget 23/24	Actuals to 30-09-23	Forecast 23/24	Borrowing	Grants & Contributions	Revenue/ Earmarked Reserves	Capital Receipts
Euston Rd Public Toilet Refurbishment	88			88	-	20	88	-	-	-
Footway Lighting	323			323	89	323	323	-	-	-
External Redecoration & Repair of the Wellesley Grandstand	40			40	34	36	40	-	-	-
Esplanade Resurfacing	246			246	75	100	246	-	-	-
Gorleston Beach Huts	53			53	-	53	53	-	-	-
Great Yarmouth Beach Huts	192			192	113	192	-	-	-	192
Hemsby Rock Provision	735			735	474	735	235	500	-	-
Changing Places	38			38	-	-	-	38	-	-
Phoenix Pool & Gym car park extension	94			94	-	-	94	-	-	-
Aspire Building & Mkt Row Boiler Replacement	46			46	-	-	12	34	-	-
Peggotty Rd Community Centre Flooring	32			32	-	-	32	-	-	-
Cemetery Flint Walls & Gates	77			77	-	77	77	-	-	-
Gorleston Seafront Improvements	77			77	-	77	77	-	-	-
Playgrounds	305	117		422	18	422	125	297	-	-
Office Accommodation	-	225		225	-	225	225	-	-	-
Beacon Park Projects	796			796	8	796	676	120	-	-
Beacon Park Relocation & Improvement of Play Facilities	-	400		400	-	100	-	-	-	400
Energy Park - South Denes	1,845			1,845	-	250	1,845	-	-	-
Total: Property & Asset Management	**4,988**	**742**	**-**	**5,730**	**812**	**3,406**	**4,149**	**989**	**-**	**592**
Refuse Vehicle Purchases	2,807	233		3,040	1,097	3,040	456	-	-	2,584
Total: Environmental Health	**2,807**	**233**		**3,040**	**1,097**	**3,040**	**456**	**-**	**-**	**2,584**
Capital Contingency	**2,500**	**-585**		**1,915**	**-**	**-**	**-**	**-**	**-**	**1,915**
Match Funding Capital Allocation	**2,200**		**-395**	**1,805**	**-**	**-**	**1,805**	**-**	**-**	**-**
Projects requiring further approval before commencement	**1,128**		**-303**	**825**	**-**	**-**	**825**	**-**	**-**	**-**
Overall Total	**59,323**	**5,669**	**-3,715**	**61,277**	**5,223**	**36,684**	**26,960**	**25,721**	**670**	**7,926**

General Fund Reserves Schedule - 2023/24	Summary and Purpose of Reserve	Opening Balance 01/04/23 £	Budgeted Movement 2023/24 £	Commited Expenditure 2023/24	Actual Movement (inc forecast) 2023/24	Updated Closing Balance 31/03/24 £	Budgeted Movement 2024/25 £	Updated Closing Balance 31/03/25 £	Budgeted Movement 2025/26 £	Updated Closing Balance 31/03/26 £
Planning Delivery Grant	The reserve is planned to be used to provide service improvements in Planning, and deliver the Local Development Framework.	112,891	0	(36,121)	(76,770)	36,121	0	36,121	0	36,121
Insurance Fund	The Council budgets for a level of excess being charged to the Service Accounts annually. Any under provision is met from the Insurance Fund, and any surplus is transferred to the fund.	421,056	0	0	0	421,056	0	421,056	0	421,056
DFG top-up capital loans and grant fund	The Council will utilise this funding for capital expenditure incurred in the Wellesley Rd, Sandown Rd, Euston Rd & Paget Rd areas.	400,000	0	0	0	400,000	0	400,000	0	400,000
Restricted use grant	This reserve holds unspent grants received for specific purposes for which the spend has not yet been incurred.	529,263	(52,000)	(205,965)	(57,000)	472,263	(22,000)	450,263	(20,000)	430,263
Invest to Save	To be used to fund one-off costs associated with projects that will deliver future efficiencies and savings including costs associated with restructures.	1,524,888	(49,747)	(426,167)	(49,747)	1,475,141	(25,047)	1,450,094	0	1,450,094
Specific budget	This reserve is utilised as expenditure is incurred.	347,012	(62,967)	(214,741)	(62,967)	284,045	(23,000)	261,045	(40,000)	221,045
Repairs and Maintenance	This reserve is utilised as expenditure is incurred.	317,639	0	0	0	317,639	0	317,639	0	317,639
Waste Management	This reserve is utilised as expenditure is incurred in relation to the service.	2,420	(2,420)	0	(2,420)	(0)	0	(0)	0	(0)
Collection Fund (Business Rates)	Earmarked to mitigate the fluctuations in business rate income between years.	376,810	0	0	0	376,810	0	376,810	0	376,810
Community Housing Fund	This represents grants previously received to assist with the delivery of Community Housing.	551,242	(30,000)	0	(30,000)	521,242	(30,000)	491,242	0	491,242
Enforcement	Earmarked for enforcement related works to address issues and bring properties back into use.	30,254	0	0	(20,000)	10,254	(2,000)	8,254	(2,000)	6,254
Special Project Reserve	Earmarked for projects and for use as matched funding as appropriate to access external funding, Includes capital and revenue projects.	222,581	(35,000)	(153,100)	(20,000)	202,581	0	202,581	0	202,581
Benefits/Revenues Reserve	Earmarking of grants and underspends to be used for the service and mitigation of subsidy impacts.	217,895	0	0	0	217,895	0	217,895	0	217,895

General Fund Reserves Schedule - 2023/24	Summary and Purpose of Reserve	Opening Balance 01/04/23 £	Budgeted Movement 2023/24 £	Commited Expenditure 2023/24	Actual Movement (inc forecast) 2023/24	Updated Closing Balance 31/03/24 £	Budgeted Movement 2024/25 £	Updated Closing Balance 31/03/25 £	Budgeted Movement 2025/26 £	Updated Closing Balance 31/03/26 £
Homelessness	Utilised for service expenditure from previous grant allocations	659,311	(642,323)	0	(642,323)	16,988	(16,988)	0	0	0
Treasury Management reserve	Used to mitigate fluctuations in investment income received.	200,000	0	0	0	200,000	0	200,000	0	200,000
Asset Management reserve	This reserve is held to mitigate the impact of fluctuations between financial years from income received from Council assets and properties, in addition it includes re-allocation from other reserves to be used for investments in Council assets including current and future asset enhancements.	1,460,336	(247,745)	(227,080)	(380,745)	1,079,591	(289,692)	789,899	(289,692)	500,207
Coast Protection	Held for match funding and mitigate one-off costs in relation to coast protection.	141,841	0	(34,275)	0	141,841	0	141,841	0	141,841
Empty Business Property Incentive Fund	Earmarking of funds to be used for incentivising bringing properties back into use.	100,000	0	0	0	100,000	0	100,000	0	100,000
Community projects	Balance of community projects funding held prior to draw down against spend areas.	522,395	0	(163,606)	0	522,395	(150,000)	372,395	(150,000)	222,395
Collection fund income compensation	To be utilised to fund deficit in collection fund. Significant movement in 2020/21 reflects the collection fund adjustment account in respect of Covid to be utilised in 2021/22.	2,320,590	0	(1,645,932)	0	2,320,590	(50,000)	2,270,590	0	2,270,590
Other Reserves	These Reserves are budget carry forwards to be used in future years.	2,553,814	(22,472)	(379,358)	(192,771)	2,361,043	(625,775)	1,735,268	0	1,735,268
Total GF Earmarked Reserves		**13,012,237**	**(1,144,674)**	**(3,486,345)**	**(1,534,743)**	**11,477,494**	**(1,234,502)**	**10,242,993**	**(501,692)**	**9,741,301**
General Fund Reserve	Current recommended balance of £3.5 million	**4,645,889**	**(1,143,250)**	**0**	**(1,445,437)**	**3,200,452**	**0**	**3,200,452**	**0**	**3,200,452**
Total GF Reserves		**17,658,126**	**(2,287,924)**	**(3,486,345)**	**(2,980,180)**	**14,677,946**	**(1,234,502)**	**13,443,445**	**(501,692)**	**12,941,753**

Appendix G - Summary of HRA Income & Expenditure for Month 6 2023/24

	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	Comments
Income						
Dwelling Rents	(24,738,951)	(24,738,951)	(13,032,074)	(24,738,951)	0	
Non Dwelling Rents	(295,498)	(295,498)	(148,396)	(295,498)	0	
Charges for Services and Facilities	(1,390,078)	(1,390,078)	(637,952)	(1,375,078)	15,000	The budgeted income for recharged repairs has reduced due to prior year debts written off in year.
Contribution towards expenditure	(5,000)	(5,000)	(2,500)	(5,000)	0	
Total Income	**(26,429,527)**	**(26,429,527)**	**(13,820,922)**	**(26,414,527)**	**15,000**	**See Appendix H for details of significant variances.**
Expenditure						
Repairs And Maintenance	9,673,395	9,916,395	3,957,503	10,287,189	370,794	There is an increase in demand for repairs and maintenance works in year. A further breakdown is in appendix H.
Supervision and Management	6,961,472	7,354,022	2,479,897	7,422,947	68,925	Increases in property software system renewal costs and agency staff costs are partly offset by vacancies savings in year.
Rents, Rates, Taxes and Other Charges	457,501	457,501	347,301	457,501	0	
Dwelling Depreciation	3,747,646	3,747,646	0	3,747,646	0	
Dwelling revaluation losses/(gains) reversing prior year losses charged	0	0	0	0	0	
Non - Dwelling Depreciation	179,415	179,415	0	179,415	0	
Debt Management Costs	150,000	150,000	0	150,000	0	
Total Expenditure	**21,169,429**	**21,804,979**	**6,784,701**	**22,244,698**	**439,719**	**See Appendix H for details of significant variances.**
Non Service Expenditure/Income						
(Gain) / Loss on Sale of HRA non-current Assets	0	0	0	0	0	
Changes in fair value of HRA investment properties	0	0	0	0	0	
Interest Payable and Similar Charges	3,156,251	3,156,251	139,391	3,306,251	150,000	Higher interest rates have increased HRA interest payments and lower
Interest and investment income	(40,000)	(40,000)	0	(30,000)	10,000	returns on investments in year are forecast.
Pension interest cost and expected return on pensions assets	0	0	0	0	0	
revenue grants and contirbutions receiveable	0	0	0	0	0	
Capital Grants & Contributions receivable	(336,000)	(1,336,000)	(59,273)	(1,336,000)	0	
In Year Pension Adjustments	24,578	24,578	0	24,578	0	
Capital Expenditure funded by Revenue (including Grants)	4,343,981	7,479,981	0	7,479,981	0	
Net Charges made for Retirement Benefits in accordance with IAS 19	(647,681)	(647,681)	0	(647,681)	0	
Employer's Contributions Payable to or from Norfolk County.	703,975	703,975	47,634	703,975	0	
Non Service Expenditure/Income	**7,205,104**	**9,341,104**	**127,752**	**9,501,104**	**160,000**	
Deficit/(Surplus) for the year on HRA Services.	**1,945,006**	**4,716,556**	**(6,908,468)**	**5,331,275**	**614,719**	

Appendix H - HRA - Budget monitoring and commentary 2023/24

Note 1 Significant variances requiring commentary: **Significant variances of +/- £10,000 full year variances require commentary. This is based on the total variance for the service line level for the services as Heads of Service are able to vire budgets within their areas as required.**

Note 2 Support Services Recharges: **Support Services Recharge variances are driven by the variances in direct costs and income identified under those services recharged across the Council at year end and therefore there will be variances reported during the year.**

Income

Dwelling Rents	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	
Dwelling Rents	(24,738,951)	(24,738,951)	(13,032,074)	(24,738,951)	0	
Total:	(24,738,951)	(24,738,951)	(13,032,074)	(24,738,951)	0	
Non Dwelling Rents	(295,498)	(295,498)	(148,396)	(295,498)	0	
0	(295,498)	(295,498)	(148,396)	(295,498)	0	
Contribution towards expenditure	**Original Budget 2023/24 £**	**Current Budget 2023/24 £**	**P6 YTD actual 2023/24 £**	**Full Year Forecast £**	**Full Year Variance £**	
Contribution towards expenditure	(5,000)	(5,000)	(2,500)	(5,000)	0	
Total:	(5,000)	(5,000)	(2,500)	(5,000)	0	
Charges for Services and Facilities	**Original Budget 2023/24 £**	**Current Budget 2023/24 £**	**P6 YTD actual 2023/24 £**	**Full Year Forecast £**	**Full Year Variance £**	
Day to Day Repairs & Voids	(15,000)	(15,000)	20,571	0	15,000	Recharges for repairs works in prior years which have not been able to be recovered have been written off in this financial year, reducing the income budget in 2023/24.
Housing Income	(310,456)	(310,456)	(154,030)	(310,456)	0	
Environmental Services	(368,043)	(368,043)	(115,153)	(368,043)	0	
Sheltered Support	(393,715)	(393,715)	(248,559)	(393,715)	0	
Alarms	(302,864)	(302,864)	(140,782)	(302,864)	0	
Total:	(1,390,078)	(1,390,078)	(637,952)	(1,375,078)	15,000	
Total Income	(26,429,527)	(26,429,527)	(13,820,922)	(26,414,527)	15,000	

Appendix H - HRA - Budget monitoring and commentary 2023/24

Note 1 Significant variances requiring commentary: Significant variances of +/- £10,000 full year variances require commentary. This is based on the total variance for the service line level for the services as Heads of Service are able to vire budgets within their areas as required.

Note 2 Support Services Recharges: Support Services Recharge variances are driven by the variances in direct costs and income identified under those services recharged across the Council at year end and therefore there will be variances reported during the year.

Expenditure

Repairs And Maintenance	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	
Compliance	2,282,010	2,282,010	765,594	2,353,765	71,755	Electrical Remedial work forecasted to overspend due to backlogged jobs.
Planned Cyclical	2,563,488	2,806,488	759,327	2,806,488	0	
Efficiency Savings from GYN	(750,000)	(750,000)	0	(750,000)	0	
Responsive Repairs	2,754,316	2,754,316	1,178,286	2,578,513	(175,803)	Average cost lower per job, forecasted underspend to reflect the decrease in job spend
Voids	1,260,350	1,260,350	595,409	1,403,467	143,117	Void work forecasted to overspend because of an increase in demand
Planned Large Repairs	314,700	314,700	157,350	630,611	315,911	Planned Large Repairs forecasted to overspend because of an increase in demand
R&M Other	1,248,531	1,248,531	501,538	1,264,345	15,814	Partnership Fee with Great Yarmouth Services Revised as per SLA agreement
Total:	9,673,395	9,916,395	3,957,503	10,287,189	370,794	

Supervision and Management	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	
Income	(315,370)	(315,370)	(40,800)	(315,370)	0	
Staff Pay	3,870,274	3,870,274	1,520,143	3,506,323	(363,951)	Vacancy savings across the whole of the HRA
Agency Costs	68,111	68,111	191,792	242,270	174,159	Agency Staff covering vacant roles, offset by savings shown in staff pay.
Premises Costs	363,552	363,552	132,129	363,552	0	
Transport Costs	30,712	30,712	18,818	30,712	0	
Supplies and Services	838,105	838,105	641,699	1,096,822	258,717	Property Software System Renewal Costs for the year.
Support Services	1,677,850	2,070,400	6,744	2,070,400	0	
S&M Other	428,238	428,238	9,371	428,238	0	
Total:	6,961,472	7,354,022	2,479,897	7,422,947	68,925	

Rents, Rates, Taxes and Other Charges	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £
Rents, Rates, Taxes and Other Charges	457,501	457,501	347,301	457,501	0
Total:	457,501	457,501	347,301	457,501	0

Appendix H - HRA - Budget monitoring and commentary 2023/24

Note 1 Significant variances requiring commentary: Significant variances of +/- £10,000 full year variances require commentary. This is based on the total variance for the service line level for the services as Heads of Service are able to vire budgets within their areas as required.

Note 2 Support Services Recharges: Support Services Recharge variances are driven by the variances in direct costs and income identified under those services recharged across the Council at year end and therefore there will be variances reported during the year.

Dwelling Depreciation	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £
Dwelling Depreciation	3,747,646	3,747,646	0	3,747,646	0
Total:	3,747,646	3,747,646	0	3,747,646	0

Non - Dwelling Depreciation	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £
Non - Dwelling Depreciation	179,415	179,415	0	179,415	
Total:	179,415	179,415	0	179,415	0

Dwelling revaluation losses/(gains) reversing prior year losses charged	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £
Dwelling revaluation losses/(gains) reversing prior year losses charged	0	0	0	0	0
Total:	0	0	0	0	0

Debt Management Costs	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £
Debt Management Costs	150,000	150,000	0	150,000	0
Total:	150,000	150,000	0	150,000	0

Non Service Expenditure/Income

Interest Payable and Similar Charges	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	
Interest Payable and Similar Charges	3,156,251	3,156,251	139,391	3,306,251	150,000	Housing revenue account share of interest on borrowing for the council cashflow and HRA capital programme has increased due to rising interest rates.
Total:	3,156,251	3,156,251	139,391	3,306,251	150,000	

Appendix H - HRA - Budget monitoring and commentary 2023/24

Note 1 Significant variances requiring commentary: **Significant variances of +/- £10,000 full year variances require commentary. This is based on the total variance for the service line level for the services as Heads of Service are able to vire budgets within their areas as required.**

Note 2 Support Services Recharges: **Support Services Recharge variances are driven by the variances in direct costs and income identified under those services recharged across the Council at year end and therefore there will be variances reported during the year.**

Interest and investment income	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £	
Interest and investment income	(40,000)	(40,000)	0	(30,000)	10,000	Housing revenue account share of interest receivable on investments has been forecasted to be lower than budgeted.
Total:	(40,000)	(40,000)	0	(30,000)	10,000	

Capital Grants & Contributions receivable	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Forecast £	Full Year Variance £
Capital Grants & Contributions receivable	(336,000)	(1,336,000)	(59,273)	(1,336,000)	0
Total:	(336,000)	(1,336,000)	(59,273)	(1,336,000)	0

Appendix I - Summary of HRA Income & Expenditure for Month 62023/24

	Original Budget 2023/24 £	Current Budget 2023/24 £	P6 YTD actual 2023/24 £	Full Year Variance £	Full Year Forecast £
Employee	4,447,495	4,447,495	1,768,745	(189,792)	4,257,703
Premises	8,940,341	9,183,341	3,649,712	370,794	9,554,135
Transport	30,712	30,712	18,831	0	30,712
Supplies & Services	2,316,714	2,316,714	1,307,491	233,667	2,550,381
Third Party Payments	0	0	0	0	0
Transfer Payments	54,950	54,950	50,050	25,050	80,000
Support Services	1,627,076	2,099,740	5,434	0	2,099,740
Capital Charges	11,597,841	14,733,841	210,953	150,000	14,883,841
Income	(27,070,123)	(28,150,237)	(13,919,684)	25,000	(28,125,237)
	1,945,006	**4,716,556**	**(6,908,468)**	**614,719**	**5,331,275**

Appendix J - HRA Capital Programme 2023/24

HRA Capital Programme	Original Budget 2023/24	Current Budget 2023/24	P6 YTD actual 2023/24	Full Year Forecast	Full Year Variance £	Comments
CAPITAL ASSETS PROGRAMME						
Boiler Service and Maintenance	0	120,000	59,035	120,000	0	
Decent Home Yearly Programme	3,900,000	3,976,907	145,684	3,976,907	0	
Decarb / Energy Efficiency	791,700	3,284,030	(949,811)	3,284,030	0	
Capital Improvements Works	1,000,000	1,500,000	653,981	1,500,000	0	
Specific Planned Projects	250,000	300,000	69,417	300,000	0	
Voids (Capital works)	1,341,000	1,495,000	619,242	1,495,000	0	
Improvement windows & doors	453,000	453,000	31,159	453,000	0	
Planned Maintenance	225,000	225,000	147,791	225,000	0	
AFFORDABLE HOUSING PROGRAMME						
Additional Housing	1,485,000	2,470,000	375,324	2,470,000	0	
New Affordable Housing	1,000,000	1,301,887	659,869	1,151,887	(150,000)	Final forecast spend for affordable new build projects is predicted to be under budget.
OTHER HRA CAPITAL PROGRAMMES						
Non Dwelling	0	0	(1,000)	0	0	
Housing Transformation Budget	0	276,442	63,068	276,442	0	
Capital Programme Total	**10,445,700**	**15,402,266**	**1,873,759**	**15,252,266**	**(150,000)**	

CABINET

URN 23-174

Subject **Medium Term Financial Strategy 2024/25 to 2026/27**

Report to **Cabinet and Council**

Date of meeting: 13 November 2023, 14 December 2023

Responsible Cabinet Member: Cllr Carl Smith, Portfolio Holder for Governance, Finance and Major Projects

Responsible Director / Officer: Executive Director, Resources

Is this a key decision? Yes

SUBJECT MATTER/RECOMMENDATIONS

This report presents an update to the Council's Medium Term Financial Strategy (MTFS) and covers the period 2024/25 to 2026/27.

Recommendations:

That Cabinet recommend to Council the following:

1) The updated Medium Term Financial Strategy (MTFS) and the key themes of the business strategy as outlined at Section 8;
2) Continue with the business rates pool for 2024/25 subject to the finalisation of the forecasts for 2024/25 and the outcome local government finance settlement, to delegate authority to the Section 151 Officer in consultation with the Leader to approve.

1. Introduction and Background

1.1. The Council receives a refesh of the Medium Term Financial Strategy annually which is revised in light of known spending pressures taking into account the wider economic context. There is a legal requirement to set an annual budget and set the Council tax each year and part of this includes a number of preparatory reports and pieces of work that are prepared in support of setting the budget one being the update of the Council's Medium Term Financial Strategy (MTFS).

1.2. The MTFS sets out the context within which the financial planning for the Council is undertaken and the priorities (the business strategy) that will mitigate future funding gaps. The MTFS also includes the latest financial projections for the three years that are covered by the strategy and have been informed by known pressures in the current year and levels of inflation and interest rates. This is ahead of the provisional settlement announcement and the detailed work on the service budgets for 2024/25.

1.3. There continues to be significant uncertainties around funding for Local Government as the sector faces continued inflationary pressures for both day to day revenue spend and capital projects. The challenges that the Borough Council are facing are not unique, with reports of all tiers of authorities facing continued financial pressures being made public on a regular basis, it flags the pressures facing the sector and the need for timely decisions on local government funding reviews.

2. Financial Forecasts

2.1. The financial forecasts have been updated within the MTFS to reflect the known in-year pressures and assumptions around what future funding may look like. Due to the size of the forecast gap in the current financial year and the medium-term forecasts there will be a requirement to use reserves to partly fund the deficit and the target of £2m saving for the 2024/25 budget has been set. Meetings have already been held with Members to discuss savings and additional income proposals for the 2024/25 and future budgets, further meetings will be held in the coming months as the detail of the 2024/25 budget is pulled together and the savings proposals finalized.

2.2. Use of reserves is an option to mitigate some of the impact, however significant savings will be required over the medium term.

2.3. The current forecasts are projecting a budget gap of £2.5m in 2024/25, increasing to £3.3m in 2025/26 and to £4.1m in 2026/27. This is before the detail on the budget is finalized for the coming year and these forecasts will be updated as part of this work and once the provisional settlement is published in December.

3. Financial and Business Strategy

3.1. The MTFS outlines the following key themes for the business strategy:

3.1.1. Strategic Asset Management

3.1.2. Economic and Housing Growth

3.1.3. Property Investment and Commercialisation

3.1.4. Technological Investment

3.1.5. Partnerships

3.1.6. GYBC Operating model

3.1.7. Savings and additional Income

3.1.8. Sustainability Strategy.

3.2. The above themes are presented in more detail within the MTFS and savings and additional income proposals will be brought forward for consideration as part of the budget that are aligned to these key priorities.

4. Housing Revenue Account

4.1. The priorities for the HRA investment plans are to continue to maintain and improve the housing stock and also the provision of new affordable council housing including replacing sales under the right to buy scheme. During 2024/25 the Council will change the delivery model for the provision of the repairs and maintenance service for the housing stock as the current arrangement with Great Yarmouth Norse ends in September 2024. A project is currently underway for the future delivery of the service and the costs of the new service delivery will be reflected in the 2024/25 budget. The HRA is faced with similar financial challenges in terms of increasing costs and the impact of rent capping that was put in place in

2023/24, no announcements have yet been made for 2024/25, although the impact of this on the HRA business plan continues to be monitored. The detail of the HRA business plan for 2024/25 is currently being worked upon and will be reported to Members in the new year.

5. Financial Implications

5.1. The commentary within the MTFS has highlighted the financial challenges that continue to face the Council for both capital and revenue spend.

5.2. The Council continues to hold earmarked and general reserves and the MTFS recommends re-allocations of some of the earmarked reserves to the general reserve to strenegthen the general reserve.

6. Risks

6.1. The risk and sensitivity section within the MTFS includes the more significant risks.

7. Conclusion

7.1. The economic climate of high inflation and interest rates and demand for services for example temporary housing has impacted on the financial position of the Council in a significant way. It is a legal requirement to set a balanced budget each year and there will be a need to identify and deliver significant savings and additional income in the short term to medium term in addition to using reserves to manage the risks.

7.2. The assumptions included in the MTFS will be subject to review as the detail of the 2024/25 budget is finalised.

8. Background Papers

8.1. 2023/24 Budget monitoring reports

8.2. 2022/23 outturn report and statement of accounts

8.3. Funding announcements and financial modelling

Area for consideration Comment	**Comment**
Monitoring Officer Consultation	Consultation via ELT
Section 151 Officer Consultation	Report Author
Existing Council Policies See background papers	
Financial Implications eg within existing budgets or funding identified	Within report
Legal Implications (including human rights)	
Risk Implications	
Equality Issues/EQIA assessment (if EQIA not required explain why)	None as a direct consequence of the report, as the budget is finalised, full EQIA's will be completed as applicable
Details contained in strategy	
Crime & Disorder	
Every Child Matters	

Medium Term Financial Strategy 2024/25

Author	Karen Sly
Date	October 2023
Document Status	V1

Contents

1. Introduction and background

1.1. The Medium-Term Financial Strategy (MTFS) is updated annually in response to changing pressures and opportunities and supports the preparation of the coming years budget.

1.2. The MTFS supports the delivery of the Council's priorities by setting out the framework within which resources are available to the Council over the medium term. It provides high level financial projections taking into account known local and national factors, spending pressures and commitments, forecast of future funding reductions and the economic outlook.

1.3. The MTFS is a strategic document that supports the delivery of the Corporate Plan The Plan 2020-2025 . Great Yarmouth Borough Council's sets out the Council's commitment to drive and facilitate in the following four strategic areas:

- a strong and growing economy
- improved housing and strong communities
- high-quality and sustainable environment
- an efficient and effective council

1.4. The MTFS along with the updated financial forecast outlines the demands on the capital programme of both ambition and resources, the impact on the revenue account (for both housing and non-housing) and on the level of reserves held by the Council. Furthermore, the longer-term ambitions of the Town Deal, Future High Streets and Levelling Up funding are significant investments that will support the delivery of the Corporate Plan and are also linked to the priorities of the MTFS.

1.5. Finally, the strategy addresses both the sustainability of the Councils financial position and examines the more significant risks inherent in the proposals.

2. National Context

2.1. There continues to be significant uncertainty around Local Government Funding and Policy, namely delays to fundamental reviews i.e., the fair funding review and the business rates retention review that will inform the future funding for local services. In addition, like all local authorities Great Yarmouth Borough Council (GYBC) face significant financial challenges due to inflationary rises to both capital and revenue costs.

2.2. The continued economic uncertainty further exacerbates these challenges. There have been significant shifts in the economy whilst September saw CPI rates remain unchanged at the August level of 6.7% month on month increases had been 0.5%. Over the past 12 months there has been continued increases to the Bank of England base rate to 5.25% which remained unchanged at the September 2023 meeting of the Monetary Policy Committee. These factors coupled with the increases to fuel and utility prices are having and will continue to have a financial impact to Local Authorities in the short to medium term.

2.3. The Autumn statement will be made by the Chancellor later in November which will set out the plans for the UK economy for the next 12 months. Until the detail behind the announcements is made the impact for Local Government funding will not be known until later in the year, in the meantime the council is still required to make preparations for the budget for the coming financial year. Announcements on the provisional Local Government Finance Settlement are not expected until later December (before Christmas), although the 2023/24 plus inflation is the basis for the funding assumptions for 2024/25.

2.4. It remains important that the Council continues to adopt a prudent approach for its medium-term financial strategy to set priorities that will support and deliver savings, additional income and efficiencies for the Council. The continued uncertainty further curtails the ability to provide accurate financial projections and forecasts over the medium term, the forecasts are therefore reliant assumptions.

2.5. The key themes of the MTFS as outlined in the business strategy section of the document remain critical to delivery of a balanced budget for 2024/25 and future budget setting. Despite the national uncertainty, the refresh of the MTFS is required to inform the detailed budget setting process for the 2024/25 budget ahead of approval of the budget in February 2024.

3. Key Budget Pressures and Resources

3.1. This section provides an update on the financial resources available to and spending pressures facing the Council along with the assumptions to inform the updated projections. Internal resources are influenced by local decision making, for example council tax, sales, fees and charges, rentals, capital receipts from asset disposals and use of available reserves. External resources include government grants, business rates although whilst the Borough Council collects the rates, it does not set them and has very little discretion over reliefs that can be granted, however local decisions that support future growth in business rates will see a direct benefit returned to the council through the business rates retention scheme.

3.2. **Government Grants** – The allocation in 2023/24 of revenue support grant (RSG) is £2.6m. It is expected that this will roll over to 2024/25 with an inflationary increase. Future allocations of RSG will dependant on the reviews of local government funding namely the fair funding review and business rates reset which are now not expected to be delivered until 2025/26 or possibly 2026/27 depending on the timing of a General Election. The Council continues to be one of the largest receivers of RSG compared to similar tiers of authorities, this is primarily due to the previous method of funding allocation for local government reflecting local characteristics of deprivation and spending. This remains a risk for future funding reforms.

3.3. Allocations of Services Grant (£155k) and Funding Guarantee Grant (£263k) were made in 2023/24, the forecasts assume that these continue in 2024/25.

3.4. **Long-Term Plan for Towns** – On 1 October funding and support totalling £20m was announced for Great Yarmouth as part of the new “Long Term Plan for Towns”. Detailed guidance on the fund is still to be announced on the £1.1 billion funding that is being invested into 55 towns. From the information that has been published to date, the following in known:

- towns will be required to develop a Long-Term Plan to invest in and regenerate their town
- funding is to be allocated over 10 years to support the plan to be spent on issues that matter to local people including regenerating high streets and securing public safety
- funding and support of £20 million (25% resource and 75% capital).

3.5. The conditions of the funding and what the funding can be used for is not known and as further guidance is received, this will be taken into account as part of the setting of the capital and revenue budgets.

3.6. **New Homes Bonus (NHB)** – New homes bonus has been part local government funding for over ten years and reforms are long awaited. The aim of the scheme was originally to incentivise and reward Councils for building new homes in their areas. The grant is calculated by multiplying the national average council tax by the net additional homes growth (net of movements in long-term empty properties and demolitions), in addition to additional supplement of £350 per affordable dwelling. The system splits the grant between local authority tiers; 80% to the lower tier (GYBC) and 20% to the upper tier (NCC) with annual allocations of NHB Grant being announced as part of the finance settlement based on annual returns.

3.7. There are fundamental flaws in the current system in that those authorities with fewer sites and low land values are disadvantaged even when meeting their local plan housing targets. There is a clear inequity in the current system due to the factors that drive the delivery of new homes, for example land value, number of housing developers operating in an area and local demographics that influence the number of homes that are delivered. The current system makes no allowances for those areas that have a higher-than-average proportion of lower council tax banded properties, such as Great Yarmouth, for example 68% of the properties in the borough are in bands A and B, compared to a national average of 41% and county average of 55%. There is a potential for a further year of NHB funding allocation, at this time, no additional funding has been factored into the forecasts.

3.8. **Business rates retention** – The current system of business rates retention sees 50% of the rates collected locally retained for the provision of services and has been in place since April 2013. Under the scheme business rates are shared between central and local government. The current splits are 50% local (40% Borough and 10% County) and 50% central government.

3.9. The localised scheme is not without risk and complications. Businesses have the right to appeal the valuation of their premises which if successful can be backdated. Local Authorities can mitigate some of the risks of the payment of successful appeals through the making of provisions against which payment of appeals are made. The risk is whether the provision raised is sufficient to cover refunds as they materialise.

3.10. The current business rates system allows pooling whereby growth that would be paid to central government can be retained in the pool. Norfolk Local Authorities have operated a business rates pool since the introduction of business rates retention, albeit with varying membership over the years and due to the uncertainty of the impact of covid on business rates in 2021/22 the Norfolk pool (of all Norfolk authorities) was disbanded. It is recommended that the Council continue to be in the business rates pool for 2024/25.

3.11. **Council Tax** – The current band D equivalent for the boroughs Council tax is £181.48. The maximum annual council tax increase for a district council is set by government at 3% or £5 (band D) above which would trigger a referendum. The current strategy assumes annual increases of £5 per annum. 2023/24 was the first year that the annual increase to the cap would have been slightly above the £5 at to £181.76, an increase of £5.28. The current capping for Council tax for borough and district councils is the same irrespective of the current D, for example the lowest Band D of £110.46 to the highest of £395.64 for 2023/24 meant that the maximum increases for band D ranged from £5 to £11.86 for a band D property.

3.12. It is recommended that the MTFS reflect increases to band D to maximum Band D for the borough element, this would mean a band D of £186.91, an increase of £5.43.

3.13. Second Home Premium – Originally anticipated to be in place for 2024/25 from the Levelling up Bill, this is likely to be implemented from 2025/26 now, it will require approval for the charging and would deliver in the region of £180,000 of additional Council Tax Income per annum and would be prudent to factor into future financial forecasts.

3.14. The Council tax base is an assessment of the number of dwellings expressed in Band D equivalents after allowing for non-collection, discounts, and new property growth. The tax base for 2023/24 is 29,851, the annual forecasts assume an annual increase of 500. The level of council tax discounts has a direct impact on the net collectable council tax and therefore income that is received in the general fund. The Local Council Tax Support Scheme (LCTS) is essentially a discount that supports those households and individuals that are on low income. The scheme for 2024/25 is currently out for consultation and any changes will impact on the tax base for 2024/25.

3.15. **Sales, fees and charges** – Income from sales, fees and charges from the provision of services continue to be an essential source of funding for local authorities. These include income from demand led services for example, car parking, planning and building control and waste services. The general principles of the policy allow for annual increases of RPI plus up to 2% to cover the cost of service delivery. With the current level of RPI for 2024/25 the policy would allow for increases upto 10.9%. All fees and charges will be reviewed for the budget setting process and brought forward for recommendation.

3.16. In addition, within the levelling up bill the Government agrees that it is important for local planning authorities to have the resources they need to deliver an effective planning service. The bill if approved by Parliament, will increase planning fees by 35% for major applications and 25% for all other applications, with an indexation mechanism that will maintain the real value of the fees income. This is a national fee increase that will benefit all local planning authorities in England. No additionality of income has been factored into the financial projections at this stage due to the current pressures on the income budget and also investment required in the service to deliver planning performance.

3.17. **Interest rates** – The continued increase in the official Bank rate has put pressure on both the general fund and housing revenue account in terms of increased borrowing costs for capital projects. Whilst there has been some mitigation from increased interest receivable from investments the overall impact on capital projects need to be taken into account as part of the longer term capital programme delivery.

3.18. The borrowing requirements for the Council continue to be undertaken in line with the treasury management strategy. Due to slippage in the capital programme some of the planned borrowing will be re-profiled to 2024/25 this is therefore expected to mitigate the impact of the increased costs of borrowing costs in the year.

3.19. **Minimum revenue provision** – The MRP is set annually based on prior and forecast capital spend to be financed by borrowing, it reflects the allowance in the revenue account for the repayment of debt incurred for capital expenditure. New capital receipts identified and generated serve to reduce the need for external borrowing for capital purposes to smooth the future MRP charges. This approach continues to be proactively explored for significant capital receipts in the medium term to reduce the call on the revenue account of the impact of financing capital spend from borrowing.

3.20. **Employee costs** – The 2023/24 budget assumed an annual increase in the employee pay award of 5% per annum, this was following the final offer of £1,925 for the 2022/23 pay settlement. The final offer for 2023/24 of £1,925 upto spinal column point 43 then 3.88% above this is still to be agreed by all unions (at the time of production of the document).

3.21. **Council Tax** – Annual tax base growth has averaged 455 over the past 10 including 2021 which saw a reduction due to covid. An increase of 455 would add in the region of £235,000 per annum of additional Council Tax revenue (after allowing for a £5 increase in band D).

3.22. **Simpler Recycling Consultation** – The Government has recently published its response to the Simpler Recycling Consultation which includes the following:

- Councils won't have to put the reforms in place for households until April 2026
- Councils will have a lot of flexibility over the number of bins they have to provide, reducing the need for changes; and
- Charges for garden waste collection will continue as at present.

3.23. The reforms will place the following obligations on local authorities in respect of households:

- Collecting food waste on a weekly basis separately from all non-organic waste
- Collecting garden waste where requested
- Collecting dry recycling (card and paper, glass, plastics and metal) separately from residual and organic waste – but with no requirement to collect these dry recycling streams separately from each other.
- Councils will, therefore, have to provide no more than three bins (with an optional addition for garden waste).

3.24. There is anticipated to be funding for the above new burdens. Some of the funding will come from central government and some from (Extended Producer Responsibility) EPR, but all EPR funding for new burdens will be in addition to EPR to fund the existing commitments of local authorities in collecting and disposing of packaging waste. The exact amount of the funding and whether it will cover all the costs is not yet known and as further guidance is published plans will need to be made to implement the changes.

3.25. As further guidance and implications of the new requirements are issued, the financial projections will be updated accordingly, at this time no allowance has been made for any impact.

3.26. **Net cost of services (NCS)** – The detailed budget monitoring reports have highlighted pressures on the revenue account in the current year. The more significant areas experiencing pressure are property services income levels for which some pro-active review work is underway within the service to mitigate where possible shortfalls in income in the current year. Further work aligned to the asset management plan including a review of assets and liabilities need to be completed over a realistic timescale to inform future budget savings and additional income opportunities. The other significant pressure on the revenue account currently is in relation to temporary accommodation due to increased demand for housing. Alternative options are currently being considered and proposals will be brought forward for recommendation.

3.27. As the work on the detailed budget for 2024/25 is pulled together the service budgets will be updated to reflect the latest position in respect of inflation and demand. It is prudent to assume that the inflation on expenditure will be greater than the increase in the corresponding income, resulting in anticipated net growth in the net cost of services.

4. Updated Forecasts

4.1. The Council like all Local Authorities continues to face significant financial challenges. The continued inflationary rises and demand for services such as temporary housing places significant pressure on budgets that is not matched by funding. The increased reliance on reserves to fund in-year pressures as well as funding budget shortfalls is reducing the longer-term financial sustainability of Local Authorities across the sector and creating an even greater need to identify and deliver savings and additional income that can be sustained in the long term.

4.2. The production of the updated financial forecast from 2024/25 onwards is challenging due to the uncertainties around funding for local government exacerbated by the economic impact on inflationary pressures. However, the council must continue to plan and prepare for the setting of the annual budget. Taking into account the above factors and known pressures and making assumptions on the level of government funding for 2024/25 the three-year position is summarised in the table below.

£000	2024/25	2025/26	2026/27
Forecast Gap	2,514	3,282	4,100

4.3. The above position has been informed by the assumptions around future funding and reflects the known spending pressures and assumptions on these over the next three years. The above summary shows an increasing budget gap for the next three years estimated to be approaching £4.1 million by 2026/27, this is before the detail of the budget for 2024/25 has been produced.

4.4. Detailed work on the 2024/25 budget has already commenced between officers and Members with draft savings and additional income proposals being collated with the Management Team to critically review budgets and look at options to reduce the forecast gap for 2024/25. In addition, the key themes for the MTFS are included at section 8 and these will be the priorities to be taken forward for reducing the future budget gap.

5. Housing Revenue Account

5.1. Since the introduction of self-financing in 2012, the Housing Revenue Account (HRA) business plan has continued to be challenged by several changes. Right to buy (RTB) discounts have increased, rent-setting policy has changed and the current inflationary pressures places further challenges on the HRA.

5.2. The recent strategy for the HRA has been to keep the HRA reserves levels sufficient to mitigate any loss of revenue. The Council continues to be prepared for further reductions in resources available to manage, maintain, improve and add to its housing stock.

5.3. The contract for the provision of the maintenance and repairs service to the housing stock is currently provided by Great Yarmouth Norse (GYN) and comes to an end in September 2024, a project is currently underway for the future provision of the service which will see the Council taking full control. The GYN service has been undergoing transformation and it is anticipated that this will deliver efficiencies to the service. The full size of these savings will not be identified until the new model of delivery is confirmed and the budget setting process for 2024/25 and 2025/26 is underway as the implications of the overheads are yet to be quantified.

5.4. Additional borrowing currently maintains the affordable housing programme to comply with the RTB agreement. The current RTB regulations allow RTB receipts to be used to support up to 40% of the scheme cost of replacement homes, the time restrictions require that sale receipts must be utilised within five years from the sale of the dwelling.

5.5. Most fees and charges relating to the Housing Revenue Account have been increased in recent years in line with the corporate formula adopted by the Council, RPI + 2%, aiming to close the gap in terms of recovery of costs.

5.6. **Rent setting policy** – The Government set a cap for housing rents of 7% for 2023/24. Prior to this social landlords had been permitted to increase rents by CPI +1% (this had been in place since 2020/21). Without the cap, rents would have been allowed to increase by a maximum of 11.1%. No guidance has been issued on rent capping for 2024/25, currently if there is no capping rent increases could be to a maximum of 7.7%. Currently the HRA Business Plan assumes that cap was in place for one year and from 2024/25 the increases revert to the CPI +1%.

5.7. **Right To Buy discounts and retained receipts** - Right to buy discounts have increased since the introduction of Self Financing, the maximum discount increases each year based on the consumer price index (CPI). The business model has been amended to incorporate this change.

5.8. The HRA is still part of a retention agreement, where the HRA can retain receipts, to support up to 40% of the cost of replacement homes if incurred in a five-year period. If retained receipts are not used, the Council is liable for repayment of the receipt plus interest, sales and receipts are therefore closely monitored to mitigate any repayment liabilities.

5.9. The Council has set out a plan and ambition to use retained receipts to develop affordable council housing and to further increase the supply of affordable housing using a combination of four options:

- Grant contribution to Housing Association development
- Development of new build homes
- Purchasing empty homes on the open market
- Purchase of suitable properties on the open market.

5.10. **HRA Borrowing** - Following the removal of the HRA borrowing cap in 2018 the Council is able borrow against its housing assets as long as it can demonstrate affordability. The Council continues to actively review the best way to utilise the additional borrowing capacity within the HRA, to deliver further affordable homes within the Borough. The council plans to utilise revenue savings to finance additional borrowing within the HRA, along with the use of accrued 1-4-1 receipts, which may have otherwise been repaid to government along with the relevant interest.

5.11. Overall, the aim is to increase the levels of new housing within the existing housing stock and to increase net rental income received. The HRA continues to model the implications to the housing business plan, as well as identifying potential sites for the delivery of additional housing. Increased borrowing for the HRA will need to be able to demonstrate affordability and informed decisions taken to understand the longer-term impact to the HRA funding.

5.12. There are two key strands to the Council's HRA investment plans:

- maintaining and improving the housing stock
- new affordable council housing, including new housing to replace sales under RTB in line with Government guidance.

5.13. The plans are prepared over the medium term and are reviewed and updated annually. Future investment decisions will be based on local decision making and local knowledge of the condition of the stock and the components.

6. Reserves

6.1. This section provides an overview of reserves held by the Council. The Policy Framework for Reserves is reviewed annually alongside the setting of the annual budget. The reserves held by the Council fall within one of the following categories.

- General Reserve
- Earmarked Reserves (General Fund and Housing Revenue Account)
- Capital Receipts Reserve
- Housing Revenue Account Reserve

6.2. The General Reserve is held for two main purposes - to provide a working balance to help cushion the impact of uneven cash flows to avoid temporary borrowing, and as a contingency to help cushion the impact of unexpected events or emergencies.

6.3. As part of setting the budget each year the adequacy of all reserves is assessed along with the optimum level of general reserve that an authority should hold. The optimum level of the general reserve takes into account a risk assessment of the budget and the context within which it has been prepared, including the following factors:

- sensitivity to pay and price inflation and fluctuations in interest rates
- the level of savings that have been factored into the budget and the risk they will not be delivered as anticipated, both level and timing
- potential legal claims where earmarked funds have not been allocated
- emergencies and other unknowns
- impact of demand led pressures which impact on both income and expenditure
- future funding fluctuations
- level of earmarked reserves held
- a level of general reserve that is within 10% to 15% of net expenditure

6.4. A financial assessment is made of all the factors to arrive at a recommended level for the general reserve, which for the current year was assessed to be £3.5 million. The general reserve balance as at 1 April 2023 was £4.6 million, after allowing for the latest financial monitoring position in the year (before any preventative action) this could be reduced to £3.2 million.

6.5. **Earmarked reserves** provide a means of building up funds to meet known or predicted liabilities and can be used to set aside sums for major schemes, such as capital developments or asset purchases, or to fund restructurings as part of invest to save proposals. These reserves are earmarked until the amounts are budgeted to be taken from the reserves. Earmarked reserves can also be held for service projects and business units, which have been established from surpluses to cover potential losses in future years, or to finance capital expenditure. Earmarked reserves also provide a mechanism to carry forward underspends at the year-end for use in the following financial year.

6.6. For each earmarked reserve several principles should be established:

- the reasons for, or the purpose of the reserve
- how and when the reserve can be used – short to long term
- procedures for the reserve's management and control

6.7. The planned use of earmarked reserves are reviewed during the year as part of the budget setting and year end process.

6.8. The following provides a commentary on some of the more significant reserves that the Council currently holds and maintains:

6.9. **Invest to save** – This earmarked reserve provides resources to fund one-off/upfront costs for projects that will deliver future savings. Examples include:

- officer restructures, where one-off redundancy or pension strain costs might be payable subject to a business case that delivers on-going revenue savings
- for an investment in IT hardware, software or equipment which will deliver savings through more efficient ways of working
- The balance at the beginning of the year was £1.525m and the forecast balance at 31 March 2024 is £1.475 million.

6.10. **Asset management reserve** – This reserve was established to earmark funds that will support the provision of current and future assets, of the reserve £1.26m has been committed to smooth the impact to the revenue account of the new leisure facility.

6.11. **Capital receipts reserve** - The Council also holds a reserve which includes the balance of receipts generated from asset disposals - capital receipts. Capital receipts can only be used to fund capital expenditure (not for on-going revenue expenditure). The balance as at 31 March 2023 was £6.11million, although this includes an element for the HRA and some set aside for existing capital project spend, the forecast balance at 31 March 2024 is £10million allowing for anticipated receipts in the year and assumed financing in the year.

6.12. An initial review of all reserves has been carried out with the view to re-allocating unused balances to the general reserve to strengthen the balance in the general reserve as there will be an increased requirement to use reserves to balance the budget in the medium term. From this review it is recommended that the following transfers from earmarked reserves be made in the current year:

- £100k allocated from the Empty Business Property Incentive Fund
- £625k from the Collection Fund Compensation earmarked reserve
- £100k from the Benefits earmarked reserve.

6.13. There are a number of other reserves which are holding balances from previous roll forward requests that have not been drawn down yet. It is anticipated that there are some balances in here that are no longer required for their original plans and these can be re-allocated to the general reserves. A target of £500k for re-allocation from these reserves has been set to be allocated to the general reserve.

6.14. Using reserves to finance one-off spend for example in relation to projects, and where the funds can be used to lever in external funding enables flexibility and releases in-year revenue budget allocations. Due to the increased pressure on the general fund revenue account there is a need to have a financial strategy that is reliant on both delivery of savings and income in year, but also some reliance on use of reserves. This is in response to the significant shift in spending pressures increasing at a greater rate than the funding and income received. This does not provide a sustainable solution in the medium to long term and financial planning options need to take into account the need to cover the future financial gap without relying on the use of reserves each year.

7. Capital

7.1. This section provides an overview of the capital programme and resources available for financing current and new schemes. A copy of the current capital programme was reported as part of the period 6 budget monitoring report.

7.2. The following sources of funding are available to finance the capital programme:

- capital receipts – generated from asset disposals (both new and existing within the capital receipts reserve). As part of the ongoing work and review of the asset management plan, there will be opportunities to generate capital receipts that can be used to reduce the need to rely on external borrowing to finance the capital programme. The decisions for asset disposals will also inform revenue savings for example to deliver efficiency savings and remains a priority within the business strategy
- grants and contributions received from external sources including third parties and government, these include the allocations of Future High Street, Towns Fund and Levelling up
- revenue – by making a revenue contribution to capital
- prudential borrowing – financing by external loans eg PWLB.

7.3. Prudential borrowing to fund capital expenditure can only be undertaken when an authority can demonstrate the need to borrow through its Capital Financing Requirement, which is driven by the balance sheet of the authority and takes into account reserves (including general and earmarked). Financing costs of the borrowing are charged to the revenue account and therefore any decision to undertake external borrowing would need to take account of the debt costs including interest and the Minimum Revenue Provision (MRP) and should be able to demonstrate affordability.

7.4. As an example, if a £5m capital project is approved the revenue impact from an MRP charge to the revenue account will be made in line with the current MRP Policy – probably over the useful life of the asset – which would amount to £200,000 per annum (assuming a 25 year life).

7.5. If a decision is to be taken to use revenue reserves or capital receipts to finance the expenditure, no MRP charge would be necessary, as the expenditure would be financed immediately by a revenue contribution to capital or the receipt. When considering the financing of the capital programme, the most financial beneficial approach to the financing of the spend will be taken. Furthermore, as future capital receipts are generated, this provides an opportunity to reduce the revenue costs of borrowing.

7.6. Each year the most financial beneficial approach is taken when financing the capital programme. For example, it is more financially beneficial to the revenue account to finance shorter life assets, ie equipment and vehicles from capital receipts and reserves as the MRP over a shorter life increases the impact to the revenue account.

7.7. The 2023/24 approved capital programme totals £61.2 million for the general fund, although there is expected to be a significant amount of slippage to 2024/25. The programme includes schemes within the future high street and town deal programmes which will deliver wider investment in the borough, that will support longer term economic growth.

7.8. The housing revenue account capital programme continues to invest in the stock and provision of new affordable homes, financed by right to buy receipts, borrowing and grants.

7.9. The capital programme currently includes borrowing of £3.4 million against Future high Street Fund (FHSF) and Town Deal projects in 2022/23 and 2023/24. However, it is anticipated that this borrowing would be predicated on business cases being produced to show that this be offset by either the generation of capital receipts or revenue from future income generation as part of the development of the FHSF projects.

7.10. Capital growth bids for 2024/25 and future years will be considered as part of the annual budget setting process, priority will take into account the following criteria:

- Bids accompanied by funding
- Linked to priorities of the business strategy
- Linked to the asset management plan
- Service delivery requirement
- Invest to save proposal.

8. Financial and business strategy

8.1. The following outlines in more detail the **key themes of the financial and business strategy** that should be prioritised over the short to medium term to reduce the forecast deficit. Each of the themes should not be seen in isolation and where applicable should support other themes in the overall delivery:

8.2. **Strategic asset management** – The Council owns a significant portfolio of assets across the borough and it must ensure that it is utilising its significant asset base in the most efficient way and managed via the asset management plan. Taking into account the return that the Council generates from its assets and recognising which assets should be disposed of to generate either capital receipts or reduce inefficiencies.

8.3. Regular review of all the Council's asset holdings in line with the asset management plan and the councils priorities with a view to adding value to strategic assets. **The key aim is to identify the most efficient way to utilise the Council's assets and maximise the benefit that the Council receives from them.** For example the work on the building rationalisation project will see changes to the use of the buildings and disposal of the Greyfriars. Delivery of this theme is informed by the Asset Management Strategy and will also cover opportunities to grow the asset base and demonstrate linkages with external funding opportunities and grants. Further work on this will be prioritised to address in year reductions against the budgeted income from some of the property assets.

8.4. **Economic and housing growth** – Income from homes and businesses within the borough continues to provide an essential source of income to fund the provision of local services. This will be even more essential from future reforms of local government funding. **A key aim must be to maximise income from housing and business rates through enabling growth and retaining existing baselines.** The Council already has mechanisms in place to support the priority to maximise housing growth, both within its own stock through the Housing Revenue Account and the wider delivery of homes through its companies, Equinox Enterprises Ltd and Equinox Property Holdings. Optimising the Council tax base will maximise Council Tax income. This could be through growth in property numbers, increased collection, and regular review of discounts as well as through proactive work to ensure that all eligible council tax properties are identified.

8.5. **Property investment and commercialisation** – This theme is closely linked to the strategic Asset management priority, but also seeks to identify other external opportunities for investment in properties to achieve either an income stream or improved returns on investment. These would not necessarily be for investment purposes alone but seeks to regenerate areas which may require up front regeneration funding interventions, with a wider opportunity and growth potential. Opportunities could be indirect through treasury management property investments or direct delivery by the Council or through an appropriate vehicle. These could support, for example, regeneration within the Borough to deliver growth and linkages to the economic growth theme as detailed above. Any direct investment would be subject to a business case, considering all risks and the full revenue implications (including borrowing costs). Currently these opportunities are identified as part of the current asset management plan or proposals taken forward by the appropriate decision making process.

8.6. **Technological investment** – Improvements to the delivery of services through the use of technology. The digital strategy contains three strategic aims - **Digital Services, Digital Communities and Digital Workforce** which are supported by the objectives:

A. To make our service provision more efficient via automation, reducing duplication of effort and reducing manual intervention.
B. To increase the quality of our service, by increasing speed, reliability, and consistency.
C. Increase data sharing across services
D. Create a single view of residents, land, and property
E. To promote Great Yarmouth as a great place to live, work, do business and visit.
F. To improve the accessibility and availability of our services.
G. To provide up to date always available information online for our customers
H. To have a workforce that has the right information, equipment, systems, training, and confidence to do their job in a digital workplace.

8.7. This is an area that needs to be accelerated to deliver efficiencies and tangible savings from investments in technology. Since the pandemic there has been a change in the some of the ways of working for example, working in an agile way will facilitate the rationalisation of office accommodation to deliver savings, possible through the use of on line meetings use of teams. This is a very small element of digital improvement and there are greater opportunities available from investment in technology that will maintain and improve service provision to customers at the same time as delivering savings, this is therefore an area of focus for the MTFS in terms mitigating future funding gaps.

8.8. **Partnerships** - Creating efficiencies through collaborative working with others. Identifying opportunities must continue at a local level with partners and other organisations, ensuring that realistic and deliverable benefits are achieved including opportunities for shared services with others. In addition, strengthening approaches to working with communities and partners in the voluntary sector to:

- drive better outcomes for local residents
- reduce avoidable demand on council services
- secure investment to drive new partnerships with partners and communities to deliver corporate ambitions
- make better use of council assets and resources to offer greater social value to local communities and to develop a partnership approach with public sector partners to working with communities across the borough.

8.9. **GYBC operating model** – Ensuring the Council provides services in the most effective and efficient way, ensuring value for money and the ability to challenge where necessary. The following along with the MTFS are key to this:

- **Organisational Development Strategy**
- **Digital Strategy**
- **Procurement and contract management**.

8.10. Savings and additional income – Each year savings and income proposals are considered as part of the budget process, these are presented for approval alongside the budget. Outside of the budget process these opportunities should continue to be identified. The full detailed proposals for 2024/25 are currently under consideration by a cross party Member working group with a view to these being brought forward ahead of the budget report to allow implementation ahead of April 2024. This work will be finalised in the coming months ahead of consideration by Cabinet and Scrutiny as part of the budget reports.

8.11. Sustainability strategy – As part of the council's sustainability agenda, this should be seen as a priority to support the delivery of a balanced budget. For example, through more efficient use of assets and resources that is aligned to the longer-term sustainability ambitions.

8.12. Use of reserves and invest to save - Use of reserves to balance the budget only provides a short-term solution as the funds can only be used once. Reserves can however be used to smooth the impact of reductions and fluctuations in funding over the short to medium term and to allow for planning and implementing projects and work streams that will deliver a longer-term financial benefit through reduced costs or additional income. As part of the reserves section of the document it has been flagged that there will be a requirement to use reserves to mitigate the impact to the general fund in the short term to produce a balanced budget due to the increased inflationary pressures and uncertainties around local government funding.

8.13. Proposals for the use of reserves to fund upfront costs can also be considered for business cases that will seek to deliver savings and /or additional income in the longer term.

8.14. There are a number of workstreams and priorities that are currently underway that are at different stages which could have a positive impact on the overall financial position. In the medium to longer term these have the potential to generate revenue streams to the Council, through increased business rates growth and rental opportunities, in addition to asset disposals that through the generation of capital receipts would enable a revised approach to the financing of the capital programme to minimise future increases to MRP for the financing of the capital programme. These include the Operations and Maintenance facility and the potential for rental streams through future site occupancy, land asset disposals for future housing provision in addition to taking the opportunity review council tax discounts that have been identified nationally for review including second homes. The timescales of these to deliver a financial benefit to the council will not be until 2024/25 at the earliest, with some not due until 2025/26 or later.

8.15. Whilst these provide longer term opportunities, there needs to be further proposals for savings and additional income in the short term to mitigate the forecast funding gaps.

8.16. The continued unknowns on the future local government funding and the current economic uncertainty present a significant challenge to the sector as a whole when faced with financial planning for the medium to long term. There is still work to be completed over the coming months as the detail for the 2024/25 budgets are pulled together, this includes the following:

- Budget challenge – to include review of current spend commitments and vacant posts
- Collation of savings and income proposals
- Fees and charges 2024/25
- Capital bids 2024/25
- Critical reserves review to identify available reserve for one off use and re-allocation above those identified already at section 6.

8.17. The following provides a high level summary of the forecast funding gap allowing for target savings/additional income and potential future opportunities:

£000	**2023/24**	**2024/25**	**2025/26**	**2026/27**
Forecast Gap	1,445	2,514	3,282	4,100
Savings/Income to be identified 24/25	n/a	(2,000)	(2,000)	(2,000)
Savings/Income to be identified 25/26	n/a	n/a	(1,000)	(1,000)
Savings/Income to be identified 26/27	n/a	n/a	n/a	(1,000)
Cumulative Gap before use of reserves		**514**	**282**	**100**
Use of earmarked/general reserves		514	796	896

8.18. **Summary** - The updated position above is prior to the detailed work on the budget for 2024/25 being completed, which is currently in progress to be presented to Members in January/February. Work is continuing with services to identify further options to reduce the forecast gap in the short to medium term.

9. Risk and sensitivity

9.1. There continues to be a number of factors that impact on the financial forecast and overall financial position, and these have been highlighted in the respective sections.

9.2. Despite the risks, the Council must continue to respond to the challenges and take a proactive approach to setting a balanced budget annually and continuing to deliver against the medium term financial strategy. This includes the continuous review of services to ensure they are delivering value for money in the most efficient way, identifying and delivering a programme of annual savings and additional income that will mitigate future funding gaps and continuing to support and facilitate the economic growth and regeneration of the Borough to deliver growth to tax bases for domestic and business properties to deliver direct income that can be retained in the general fund. The significant investment that continues in the borough from the external funding from future high streets, towns fund and levelling up along with partner and external investment through the County Council should continue to be a medium to long term priority to support the financial position for the authority and to meets its priorities and provide the best possible services to the borough residents and businesses. However, the short-term capacity funding to support these projects as well as the core services remains a risk and this is something that needs to be taken into account when managing the project budgets.

9.3. There is a legal requirement to set a balanced budget annually which must be set in an informed manner and may propose changes to service levels, which may require upfront investment. Alongside approval of the budget, the level of reserves and robustness of the estimates are factors that are considered in full ahead of approving the budget and the council tax for the coming year. Whilst reserves can be used to mitigate one-off funding gaps, the use of the reserves cannot be seen as a longer-term sustainable option to delivering robust budget and financial management. The recent reliance on reserves as part of the approval of the budget is not sustainable in the long term.

9.4. The updated financial forecasts are dependent upon a number of key assumptions at a point in time. In addition to these there are a number of significant financial risks and uncertainties facing the council which could have an impact on the medium term financial strategy, these include the following:

9.5. **Future funding** – The timing and impact of reviews of local authority funding remains uncertain. With timing of a general election unknown, this puts timescales for future funding reforms under greater uncertainty also, as flagged earlier slipping these back. This in turn does not support longer term financial planning for local services. Continuation of grants, for example New Homes Bonus and whether this will continue is unknown. Currently the forecasts assume a rollover of the 2023/24 funding, with elements of this being subject to CPI inflation increases, this creates uncertainty in the system, as a significant receiver of RSG of £2 million per annum, until the outcome of the fair funding review is known this remains a risk for future funding.

9.6. **Inflation** – The Council has a significant investment programme to be delivered by 2026 including the projects to be funded through the Town Deal and Future High Streets funds along with the Wintergardens from Heritage Lottery Fund. Whilst all project budgets will include an element of contingency the increases to construction costs and the demand for materials provides further risks to the programme of delivery. A central capital contingency budget of £2.5m was previously approved of which £1.9m remains uncommitted which is available to mitigate this risk further. Furthermore, inflation on contracts has been allowed for within the financial plan, although these will all be subject to regular review.

9.7. **Business rates** – The current system is inherent with volatility and uncertainty for example appeals, vacant properties and non-collection. A 1% movement each year would result in approximately £50,000 additional income per annum being retained. The timescale and outcomes for the business rates reset will be linked to the wider funding reforms.

9.8. **Council Tax** – Increases in the tax base generate increases in the locally collected element of the council tax, however this is also dependent upon levels of discount and also the level of collection which with the increased cost of living pressures makes this inherently challenging. As a guide a 1% increase in council tax (band D) equates to approximately £53,000.

9.9. **Interest rate changes** – Increases in the rates can make capital projects unaffordable, requiring to scale back and reduce the call on financing by borrowing.

9.10. **Employee costs** – Pay awards being in excess of the level budgeted for, the impact being ongoing. 1% equates to approximately £180,000 annually including oncosts.

9.11. **Ability to deliver savings and additional income** – Non achievement of planned savings.

9.12. **Service demand and income** – Demand led services continue to provide significant income to the Council, eg car parking, planning and building control, crematorium. It is essential that the annual budgets are informed by current and prior year performance. These are monitored on a regular basis to ensure that where applicable pro-active actions can be taken to mitigate the impact to the budget. The importance of maintaining general and earmarked reserves remains essential to mitigate short term impacts of reduced income.

9.13. **Interest and MRP -** The revenue budget reflects the planned borrowing and financing of the current approved capital programmes. Slippage of capital schemes will impact on the level of borrowing required along with the associated financing costs. As new schemes and projects are approved the revenue implications will need to be considered as part of the options appraisal and business case. The increased borrowing rates will continue to have an impact on the delivery of the capital programme which will need to be continually reviewed in terms of affordability.

9.14. **HRA** – The impact of inflationary increases to the delivery of the HRA services for the day to day maintenance and longer term stock investment will also impact on the affordability of provision of new build programmes for replacement stock through the right to buy programme. The project for the changes to the delivery of the GYN services will be underway for the new service to be delivered from October 2024, once the service is under the full operation of the Council this will enable a thorough review of the financial cost of the delivery of the service.

9.15. The extent to which the above factors will have an impact on the ongoing financial projections and funding gap will vary. Some will have an ongoing impact and some may be more short term. The above risks will be considered as part of the annual budget setting process.

URN: 23-153

Report Title : **GYN Transfer Project**

Report to: Cabinet and Council

Date of meeting: 13 November 2023

14 December 2023

Responsible Cabinet Member: Cllr Graham Plant , Portfolio Holder for Property and Housing Assets

Responsible Director/Officer: Chris Furlong, Director of Property and Housing Assets

Is this a Key decision? Yes

Date added to Forward Plan of Key Decisions if a Key Decision: 5th October 2023

EXECUITVE SUMMARY

The service agreement with Great Yarmouth Norse (GYN) terminates on 30th September 2024. In June 2023, the Cabinet agreed that the Council would transfer the GYN service back into a GYBC Company structure. The project to commence the transfer has begun and the purpose of this report is concerning three key areas – the host vehicle for the company, the procurement of new fleet for the in-sourced service and the approval of the budget to enable the support functions to facilitate the transfer of the service and the future support for the service post October 2024.

RECOMMENDATIONS:

That Cabinet RECOMMEND TO COUNCIL that:

1) the services currently delivered by GYN be insourced and delivered by a direct labour organisation (DLO);
2) a budget of £1,802,420 be agreed to enable the procurement of the fleet as outlined in the report using the using the TPPL framework; and
3) a budget of £145,000 be agreed to fund the set-up costs and enable the support services to be provided as outlined in the report to facilitate delivery of the project.

1. Introduction

1.1 The Councils Contract with GYN terminates on 30th September 2024. The Cabinet authorised a process whereby the Council complete an asset purchase from GYN of those assets needed/left at the date of transfer, transferring the service back to the Council into a GYBC Company structure.

1.2 This process has now commenced with the appointment of a project lead in late August to oversee the insourcing of the service. This report is intended to seek a steer from Cabinet and make recommendations to Council on important decisions that will inform the direction of travel and therefore the mobilisation of the new service. The key areas discussed are the host vehicle for the service and fleet procurement.

2. The Host Vehicle for the Service

2.1 In June 2023, the Cabinet decision was to bring the service back into the Council via a newly-formed Local Authority Trading Company (LATCO) or the existing LATCO, GYS. Since then officers have explored a third option which would be to bring the service back as a Direct Labour Organisation (DLO). Independent legal advice has been sought via Browne Jacobsen who have prepared an options report evaluation all 3 options. The report is attached at Appendix 1. Within each of the options the indicative set up costs have been considered, along with the annual support costs. At this stage these do not include all support costs for example IT software support as this level of detail is not available. It can be assumed that these costs are currently a charge into GYN through the overhead charging mechanism and therefore will be a cost that will continue to be charged whatever the delivery vehicle. At this stage for the analysis of the options, the experiences with the GYS company has been used to inform the costings for the set up and also where there will be additional costs depending on the delivery vehicle, for example additional audit fees for a separate company or setting up new companies on finance systems where applicable.

2.2 Evaluation of the Options – Appendix 1

<u>Option 1 - Transfer into GYS (Existing LATCO)</u>
This approach would follow the exact same path as the insourced GYS. However, GYS has only just been formed in April 2022 and is developing its service offer and implementing a business improvement plan to address long standing issues in the service. A key risk of insourcing GYN into GYS would be that this would put additional pressures on GYS and detract from their current focus on delivering the improvement plan.

This approach does put the company at arms-length to the Council which may reduce the Council's ability to influence and control the management of the service.

The positives of insourcing GYN into the GYS LATCO are that there would be reduced costs incorporating the new vehicle as there will be no requirement to constitute a new company and in the longer term, there could be savings derived through streamlining the management of the merged services and efficiencies identified through collaborative working e.g. fleet, fleet maintenance, procurement etc

Also, by transferring GYN into GYS, GYN can dovetail into existing corporate systems which already exist and those core corporate functions would support a singular company rather than 2 separate LATCO's.

Based on the creation of the new company, GYS, the estimated cost of this approach would be £72,200 initial set up costs and annual costs of £230,000 to support the company.

Option 2 – Transfer into a New Local authority trading company (LATCO)

This option adds a level of complexity and cost to the transfer with the need to set up a new company, with a Management Board and the associated costs of providing separate IT systems and corporate support to the new company. In addition to this, the new company will have its own management structure and there is less opportunity to identify savings in this area, that may be achievable if GYN were to be hosted by GYS.

As with Option 1, this approach does put the company at arms-length to the Council which may reduce the Council's ability to influence and control the management of the service.

The positive would be that GYS are unaffected by this option and therefore able to move forward with their strategic plans and improvement. In addition, GYS can collaborate with the new company where there are benefits or savings to be realised.

This option also enables the new company to develop a separate identity and brand from the existing service at GYN to build a more positive reputation.

Based on the creation of the new company, GYS, the estimated cost of this approach would be £121,400 initial set up costs and annual costs of £243,000 to support the company. The reason for the additional set up costs is that there would be additional system set ups for example finance systems and then ongoing maintenance charges plus audit costs for a separate company.

Option 3 – Transfer the service into a new Direct Labour Organisation (DLO)

This option would see the Council taking the service back in house as a department of the Council. It would be managed and operated directly by the Council and as such, the Council would have complete control over the service delivery. The service can fully integrate into the Council's systems and ongoing support with out the need for additional administration. Whilst the current service costs are all charged within the Housing Revenue Account, operation as a DLO would mean that costs are charged direct to the HRA and managed within the HRA as a service.

This option would also mean that there is no need to absorb GYN into a company or create a new company with the associated complexities and costs associated with Options 1 & 2.

The DLO option does allow the Council to adopt a new brand as "owner" of the service and develop a new identity and create a separation from past performance of the existing service provider.

Set up costs for the DLO will be lower than the other options due to transferring to existing Council systems, for example utilisation of current GYBC finance ledger, there will still be additional HR system set ups for example Payroll and legal costs, in total these are estimated to be £57,200. Annual costs would total approximately £209,000 due to being able to utilise existing GYBC systems for finance and HR.

There is however a singular, key area that make the DLO less attractive financially. There will be a significant cost associated with pensions as all employees would be required to be offered access to the Local Government Pension Scheme at the point of transfer. The financial liability associated with this is estimated to be £230k, plus there will need to be some pay assimilation to GYBC grades which initially will be in the region of £40,000 and will increase annually as progression through pay bands are awarded. It is anticipated that these costs can be mitigated as the service is undergoing a significant transformation and the GYN Business Plan estimates a projected annual saving of £750,000 on the operation which will ensure that the pensions can be absorbed by this.

Recommended option

Based on the legal opinion of Browne Jacobson and the considerations set out above, the recommendation is to insource the service to provide a DLO. This option, in particular, provides the Council with complete control over the service and importantly, will not create added pressures on the GYS Management to absorb another service into the business and allows to continue its progress in delivering its improvement plan. The recommendation is not consistent with the original Cabinet decision to insource the GYN into a Council-owned company structure. Therefore, this report is seeking Cabinet approval to change that decision in respect of insourcing the service into a DLO rather than a new or existing LATCO as originally agreed.

3. Fleet

3.1 The current fleet that is being used by GYN is aged (up to 10 years old), in poor condition and have high levels of maintenance on a regular basis and at significant cost at £7,030 per van. This gives a poor perception of the service and as they break down regularly, they impact on the productivity of the service. In summary, the current fleet is not viable and needs to be replaced. Irrespective of the delivery model, a decision on the fleet procurement needs to be made to enable the procurement timetable and the fleet to be in operation for the commencement of the new arrangement for September 2024.

3.2 The cost of the existing fleet is expensive with the fleet costing in excess of £420k per year. Over a 5 year period, the actual cost is £2.1m. These vehicles are not efficient costing more in fuel and contribute little to the ambitions of having a green fleet.

3.3 The Project Manager has liaised with the GYS transport manager and made an initial contact with the procurement framework, TPPL who supported GYS with fleet procurement. It is clear that the new service could procure a new more efficient and reliable fleet for the start of the new service under the council's control at a reduced cost. The TPPL framework have indicated that the majority of the fleet will be ready for the commencement of the new service with the exception of a small number of specialist vehicles.

3.4 The cost of the new fleet will be less than the current fleet also in terms of procurement and also ongoing maintenance. There will also be a cost saving as the service currently is paying for 6 spare vehicles which are held as spares when the existing fleet is out of action for repairs which is frequent. The new fleet will also contribute to a more productive workforce with less downtime.

3.5 The cost of the new fleet will depend upon whether the Council chooses to lease or purchase the fleet outright. The options are set out below:-

Outright purchase	£2,180,673
5 Year Lease Option	£1,802,420

3.6 **Evaluation of the Options** - The lease option includes maintenance, and the purchased vehicles would need to be maintained at an extra cost over the 5 year option period. Therefore the purchase of the vehicles would be an initial outlay of £2,180,673 which over the five year period would cost an extra £378,253 plus interest charges on the £2,180,673 and maintenance costs for the purchased vehicles.

3.7 **Recommended Option** - Based on the above evaluation, it is recommended that the Council procure the fleet using the TPPL framework and that the fleet are procured through a lease agreement as it would be no large initial out lay plus it would save £378,253 plus interest charges on the initial outlay and maintenance costs over the 5 year period.

3.8 **Green Fleet Strategy -** The Green Fleet Strategy sets out the Council's ambitions to decarbonise the whole of it fleet by moving from traditional diesel vehicles to Ultra Low Emission Vehicles. This is the ambition of the service. However, there are challenges in using this procurement to switch the entire fleet across not least the fact that there is not the infrastructure in place to accommodate the charging of the whole fleet. The vehicles would need a site to park and a power supply that could cope with charging between 20 and 50 vehicles at a time. The only site we have currently is Churchill Road which from a power and parking point of view could not cope with more than 6 vehicles charging at a time. Therefore, there needs to be a clear plan to ensure that the charging infrastructure is in place to support the green fleet strategy.

3.9 However, there is still the ability to procure a number of electric vehicles where the workforce have the ability and are willing to charge their vehicle at home. The approach would involve providing a charging point to the operative's home and reimbursement of the costs of charging the fleet. Further, the Council could offer an incentive to staff for supporting this approach. At this stage, the number of staff who would volunteer is unknown, this option can be explored further.

4. Financial Implications

4.1 The cost of the service currently provided by GYN is allocated in the main to the Housing Revenue Account with a very small element, allocated to the general fund for some minor repair and maintenance works. The following outlines the financial implications for the provision of support services, set up and employee costs for the alternative delivery vehicles.

4.2 The annual cost to the HRA for the GYN services includes the complete service costs including overheads that cover management, support costs for example finance, HR, IT etc. Under the current arrangement the cost of the support services to GYN is not known and therefore the budget for 2024/25 for when the service delivery is changed will need to reflect the full service cost. Whatever the vehicle for future delivery these services have been assumed to be provided by the Council into the company/DLO and the Council will need to be resourced sufficiently to provide these services. Depending on the delivery vehicle, these may differ slightly for example finance support to a company would require a company accountant to be appointed, however for a DLO with the services being closely aligned to the other HRA service provision, whilst there would still be additional support required, the level of support would not be at the same level as that for the company.

4.3 Other support functions for example HR, in terms of the day to day support would be similar irrespective of the delivery vehicle and be dependent on number of employees, complexity of terms and conditions and complexity of employee relation issues, for example sickness management, recruitment and retention. There would also be the same set up/establishment work required for the TUPE process irrespective of the model for delivery.

4.4 The future support to the service will form part of the budget setting process for 2024/25 from the commencement date of the delivery of the new service as this will cover the respective support services functions. Ahead of the 2024/25 financial year and the new service delivery being operational there will need to be additional support costs to facilitate the transfer and enable the set up. These costs will need to be funded from the HRA as part of the set up costs and will cover the support functions for HR, Finance (including external tax advice), IT, Legal, set up. This report is recommending a budget of £145,000 be established to allow for the set up costs and the appointment to the posts that are required to support the provision of the service, namely to the relevant HR and Finance positions to enable the transfer, these will be funded from the HRA and any un utilised amount in 2023/24 will be allocated to an earmarked reserve for the HRA for the completion of the project in 2024/25.

4.5 Employee Costs – As outlined in the attached appendix the different delivery models will result in different employee cost implications, most significantly in respect of pay harmonisation and enrolment in the LGPS for the DLO option. The most significant cost of the DLO option would be the cost of enrolling all staff that TUPE to the LGPS as opposed to the current nest scheme, which on initial estimates would be in the region of £230,000 per annum. There would also be an additional cost of initial pay assimilation for example to slot employees to current GYBC pay scales, no allowance has been included for harmonisation of terms and conditions at this stage as this will be dependent on the detail of the employer liability information that will not be confirmed until close to transfer. Based on previous experience with GYS, there will be a number of different sets of terms and conditions for which the costs of harmonisation will need to be worked through and options to phase implementation depending on affordability will need to be considered.

4.6 The following provides a summary of the initial estimates of the financial implications for the different delivery vehicles as set out in detail of the report for the set up costs and the employee costs for the insourcing to GYBC.

	GYS	Company	Insourcing
Set Up Costs	72,200	121,400	57,200
One off Support Costs	87,800	87,800	87,800
Employee Costs			270,000

4.7 The final tax implications are being sought and these will be updated verbally and included in the final report to Council as applicable.

4.8 The decision around vehicle procurement will save the council £378,253 the implications of not making the decision will cost the council the above figure plus we will have to asset purchase the aged vehicles from GYN and will still need replacement as soon as possible.

5. Risk Implications

5.1 The financial implications assume a level of future savings to be delivered from the transformation of the service and future delivery model. Until the full future service delivery costs are known the full saving will not be fully quantified.

5.2 It has been assumed that the support for the future service provision will be provided by GYBC, this will be dependent on recruiting to services to support service delivery. As part of the budget setting for 2024/25 the future budget for the service will need to reflect the change in the service provision from October 2024 and assumptions will need to be made accordingly and factored into the HRA business planning process.

5.3 Following the work undertaken for the mobilisation of the GYS contract which went live in April 2023, lessons have been learnt from that project which will inform the delivery of the GYN project to mitigate the risks of any impact to the project.

5.4 A failure to procure new fleet will have a detrimental impact on the productivity of the service and present as a reputational risk to the Council.

6. Legal Implications

6.1 Detailed legal advice regarding the options appraisal work is included in Appendix 1.

Areas of consideration: e.g., does this report raise any of the following issues and if so, how have these been considered/mitigated against?

Consultations	**Comment**
Monitoring Officer Consultation:	
Section 151 Officer Consultation:	Yes
Existing Council Policies:	Outlined in the report
Equality Issues/EQIA assessment:	

Great Yarmouth Norse Limited – Delivery Options (Updated)

Great Yarmouth Borough Council

Confidential and legally privileged advice
September 2023

Browne Jacobson

Great Yarmouth Norse Limited – Delivery Options (Updated)
Confidential and legally privileged advice

This advice note was originally issued in August 2023 and has subsequently been updated following further discussions with the Council which took place on 20 September 2023.

1 Background and instructions

1.1 In 2014 Great Yarmouth Borough Council (**Council**) and Norse Commercial Services limited (**NCSL**) established a joint venture company, Great Yarmouth Norse Limited (**GYN**). GYN provides asset management, construction and building repair services (**GYN Services**) on behalf of the Council. We understand that GYN currently employs approximately 70 staff under (a currently estimated) 13 different sets of terms and conditions.

1.2 We have already advised the Council in connection with GYN and the options available to the Council to exit arrangements with NCSL and ensure continuity of onward delivery of the Services (**Previous Advice**).

1.3 Our Previous Advice was issued in April 2023. We understand that this advice has assisted the Council with its internal discussions in connection with determining the best approach to onward Service delivery, and that the Council has decided that in-sourcing the GYN Services via an asset transfer from GYN is the preferred route.

1.4 The Council is now considering the in-sourcing options available for onward service delivery following asset transfer from GYN. These options include the Council itself taking back the GYN Services and delivering them directly through a Direct Labour Organisation (**DLO**) (i.e., a more “traditional” route to in-sourcing) and also the possibility of delivery through a wholly owned Local Authority Trading Company (**LATCo**).

1.5 The Council recently established a LATCo (Great Yarmouth Services Limited (**GYS**)) for the provision of other important services within the Council’s area. GYS delivers refuse collection and recycling, street cleaning, public toilet cleaning and maintenance, buildings cleaning, grounds maintenance services, vehicle maintenance, arboriculture, leisure, burial services and services relating to pest control (**GYS Services**). GYS was established as a company limited by guarantee (**GLG**) with the Council as the company’s sole member. GYS currently has 3 active directors listed on Companies House, all of whom we understand to be employees/officers of the Council.

1.6 Following on from our Previous Advice, and to assist the Council further in determining the best approach for onward delivery of the GYN Services, we have been asked to advise on the pros and cons and potential issues associated with:

1.6.1 establishing a new wholly owned LATCo (the **NewCo Option**);

1.6.2 utilising GYS (the **Existing Vehicle Option**); or

1.6.3 bringing the services directly back in-house and establishing a DLO (the **DLO Option**),

for onward service delivery. Our advice in relation to these options covers the following:

1.6.4 high-level considerations, such as incorporation;

1.6.5 governance/management structures;

1.6.6 resources and support (such as services which will be provided by the Council to support service deliver, e.g., HR and IT) and the potential for collaboration between NewCo or the Council and GYS;

1.6.7 the application of the *Teckal* exemption and the potential to trade the GYN Services;

1.6.8 specific considerations relating to an Arm's Length Management Organisation (**ALMO**); and

1.6.9 other potential considerations, such as high-level thoughts on employment/pensions, as may be applicable.

1.7 We are not advising on the financial or tax implications associated with either of the proposed options. The Council should secure separate, specialist accountancy advice to assist it in determining which option to pursue. The financial/tax implications of choosing one option over the other may be significant. For example, pursuing the DLO Option may provide some benefits to the Council in relation to the treatment of VAT but is likely to be more costly for the Council from a pensions perspective.

1.8 Furthermore, whilst this advice provides some high-level thoughts in relation to employment matters, these are purely illustrative and included to assist in considering such matters from an operational perspective. This note does not consider the potential legal employment related issues associated with the staff which will transfer from GYN. As with the financial implications of pursuing each of the options, the impact of the employment related issues which could arise in the short, medium and longer term should not be ignored, and full consideration of such issues should be undertaken before determining which option for onward service delivery to pursue.

2 Executive Summary

2.1 It is our view that there is not one single factor which makes one option more attractive than the others, all options have their respective pros and cons. It is likely the Council will want to consider matters in the round, and ultimately the decision is likely to be driven by operational factors (e.g., how the services may be managed, the potential separation of oversight and accountability within the Council, and the ability to share resources and/or reduce costs if a particular approach is taken). Considering what the Council needs from the services in future and potential plans which may be explored to restructure the GYN Services should weigh heavy in the balance. The Council should consider strategically what it expects from service delivery in the medium and longer term (e.g., two to three years' time) and what efficiencies they may need to achieve. Whilst pursuing the DLO Option provides more direct control and oversight of the services when compared to the other options, it may not be the most cost effective solution over the longer term. In this regard, utilising a LATCo (in particular the

NewCo Option) does provide more flexibility should the Council need to explore alternative (e.g., more cost effective and efficient) ways of running the services further down the line.

2.2 For ease of reference, in the table below we have set out those matters which we feel are the most important considerations when comparing each of the options, along with a brief explanation of where similarities and differences arise. Each of these points is expanded upon and discussed in more detail within the main body of the report.

2.3 It should be noted that some aspects will be the same regardless of which option is pursued, such as the initial negotiation and dealings in connection with the asset transfer from GYN, and the need for the staff currently engaged by GYN in provision of the GYN Services to transfer across to the Council or Council owned vehicle.

2.4 Given the inconsistencies in employment terms and conditions for the current workforce and the potential employment issues which are likely to arise as a result of the TUPE transfer as well as further into the future (e.g., if an exercise to potentially harmonise terms and conditions across the workforce were to be undertaken), we strongly advise that separate, specific employment related legal advice is secured by the Council. Such advice will assist in understanding the full range of employment issues which could arise in connection with each of the options for onward service delivery being considered in this note. Securing specific employment advice well in advance of any transfer of staff will be important to help manage matters not just in the short, but also the medium and longer term

2.5 Finally, and as already noted, the importance of securing appropriate financial advice should not be underestimated. There could be a substantial difference in the financial and tax implications of choosing one option over another.

Overview table of the pros and cons of each option

	Existing Vehicle Option	NewCo Option	DLO Option
Asset and staff transfer	The negotiation and preparation of documents required to effect the transfer of assets and staff from GYN would be the same regardless of which option is pursued.		
Identity	Service could operate under its own identity but would still essentially be associated with the GYS brand.	Provides a cleaner break from GYN and essentially a "blank canvas" to establish a new identity and reputation.	The DLO could adopt a trading name for its operations and could establish a new identity for the business, but the services would have closer associations with the Council than the other options.
Corporate structures, incorporation and company's constitution	Would have to continue with CLG structure. Assuming no changes to company's constitution, costs associated with initial set up would be lower than incorporating a new vehicle. Constitution of company could be amended if a different approach to GYS is required, such as changing/amending the list of decisions reserved to the Council.	Flexibility to explore different structures, such as a CLS. Initial costs associated with set up would be higher than the other options (although GYS documents could be used as a base to assist in keeping costs down, assuming a similar approach to GYS is adopted for the NewCo). A separate service agreement to sit between NewCo and the	No option to explore different structures, the DLO would essentially be a department within the Council. Costs associated with set up would be much lower than the other options. No separate agreements would need to be in place between the Council and DLO, but some form of service level agreement/performance criteria in relation service delivery could be established.

	A separate service agreement to sit between GYS and the Council would need to be drafted.	Council would need to be drafted.	
Board and management	Same set of directors for both services, although the option of adding more directors to the GYS board is available. Separate management teams could be established within GYS, but less operational separation. This option could provide more flexibility to restructure management and, potentially, streamline operations by reducing the number of individuals involved in management roles when compared to the NewCo Option.	Allows for different individuals to be appointed to the board. Management structures would be completely separate and no potential blurring of responsibilities/roles across different services which might occur if the Existing Vehicle Option is pursued. However, fewer options to restructure, streamline operations or reduce management roles/numbers when compared to the other options.	The DLO would be managed and operated directly by the Council, as such, the Council would enjoy complete control and oversight of the services. Such close control could provide the best chance for the services to improve and succeed. However, there may be less autonomy for those involved in delivering the services and commercial decisions could take longer (when compared to operational decisions taken by a LATCo) if subject to the Council's internal governance arrangements.
Company dealings	Services would need to be separated out if wishing to develop in certain ways or out-source one of the services in future.	More flexibility to develop and change the services, such as establishing an ALMO. May also be easier to dispose or outsource services in future. If a	Less flexibility to develop and change the services (e.g., a separate vehicle is required if the view is to create an ALMO).

		CLS is adopted as the structure, then this also provides the option of a partner organisation to acquire all or part-ownership of the company with greater ease.	Depending on longer term plans and objectives for the services, they may need to be out-sourced in future to achieve these. Less opportunity to trade the services. A company structure is required if the Council wishes to operate the services on a commercial basis with a view to profit.
***Teckal* compliance**	GYS already *Teckal* compliant – no need to run a procurement process. If seeking to trade with others (i.e., not the Council) there would be greater potential to do this and remain *Teckal* compliant if both services are within one company (e.g., greater turnover so 20% threshold is in effect higher).	Company likely be established as *Teckal* compliant, so no need to run a procurement process. Option of trading services and remaining *Teckal* compliant will be available, but to a lesser degree with just GYN Services within the separate entity (e.g., smaller turnover so 20% threshold is in effect lower).	No need to consider the procurement implications as the services will be delivered by the Council directly.
Ongoing administrative matters and running costs	One set of consolidated accounts can be prepared and filed at Companies House.	Company would require its own accounts to be prepared and filed each year.	No separate company accounts would need to be prepared or ongoing filings required at

	Certain overheads may be cheaper than the NewCo Option with both services in the one company, such as insurance and other running costs. May provide greater opportunity for economies of scale if all services within one company.	Two Council companies may mean duplication of certain overheads/running costs. There may still be the opportunity to secure economies of scale, for example, where two or more entities seek to purchase goods/services together, but this is potentially more complicated than having both sets of services within one company.	Companies House, services would be integrated within the Council's existing financial and administrative arrangements. In terms of ongoing operational costs, this option would provide the most cost-effective solution.
Risk	Operational and reputational risk can cross from one service to another where both sets of services sit within one entity.	Operational and reputational risk would be separate, which helps to reduce the likelihood of issues with one service attaching to the other.	Operational and reputational risk would sit with the Council directly, although the DLO can acquire its own "brand" and appear (on the face of it) to be a separate personality from the Council. However, any such risks would be separate from GYS.
Staff	Will transfer from GYN into GYS. More likely to have a "tiered" workforce with different groups of	Will Transfer from GYN into the NewCo. Any inconsistencies across terms and conditions with the	Will transfer from GYN to the Council. Greater potential for inconsistencies with terms and conditions across the

	staff on different terms and conditions of employment. Different terms and conditions across a workforce can make performance management and grievance issues more complex to handle from a HR perspective. Separate legal employment advice should be secured by the council whichever option is pursued.	transferring staff would be as they currently are within GYN's employment. Management of HR issues likely to be similar to current arrangements within GYN. Separate legal employment advice should be secured by the council whichever option is pursued.	workforce as the transferring staff are highly likely to be on different terms and conditions from existing Council employees. Different terms and conditions across a workforce can make performance management and grievance issues more complex to handle from a HR perspective. Separate legal employment advice should be secured by the council whichever option is pursued.
Pensions	Arrangements regarding pensions and GYS are already established, so transferring employees can simply move into the current scheme (or schemes). Specialist pensions advice should be secured, but the underlying liability in respect of pensions is likely to be similar if either the Existing Vehicle Option or NewCo Option is pursued.	The new company, as a separate employer, will need to establish its own arrangements regarding pensions, such as acquiring scheduled or admitted body status for any LGPS member employees. Specialist pensions advice should be secured, but the underlying liability in respect of pensions is likely to be similar if either the Existing Vehicle	Arrangements in respect of pensions are already established within the Council. However, all employees transferring to the Council will need to be offered membership of the LGPS. The financial liability for the Council attaching to this is likely to be significant. Specialist pensions advice should be secured, but the underlying liability in respect of pensions is likely to be

		Option or NewCo Option is pursued.	most costly if the DLO Option is pursued.
Back-office functions	Systems such as payroll and other HR matters already established for GYS and new employees can simply be added.	Separate payroll and other HR support will need to be provided to the new vehicle separately from GYS and the Council.	The services can fully integrate into the Council's existing systems and ongoing support would be readily available to the DLO without the need for additional administration.
Sharing and collaboration	All assets would be owned (or leased) by one company and, therefore, potentially easier to pool assets and utilise across both services. With one body of staff, employed by one employer, redeploying/changing responsibilities across services would be relatively easy. Similarly, collaboration between both services would arguably be easier with both being within a single company.	Assets would be separately owned (or leased) by the new company, therefore, potentially harder to utilise across the different services without establishing additional structures and/or documenting matters to regulate such a relationship. Harder to move employees between different services as there would be two employing entities. Collaboration would still be possible between the two companies, but may require	All assets would be within Council ownership (or leased by the Council itself). While such assets could be easily utilised by the Council for other services it may deliver directly, sharing these assets with, for example, GYS may require additional structures to be established and/or matters to be formally documented to regulate such a relationship. Harder to move employees between different services (i.e., from the DLO to those services delivered outside of the Council) as there would be more than one employing entity. Collaboration would be possible between the DLO and GYS, but may

		more formal (e.g., contractual) arrangements to be established.	require more formal (e.g., contractual) arrangements to be established.
Council governance	Marginally more difficult to have a separation of responsibilities for each service from a Council internal oversight perspective.	Easier to establish a clear separation of oversight between the GYN Services and GYS Services within the Council.	The DLO would be subject to the internal governance structures and processes of the Council.

3 Common Considerations

3.1 Before analysing some specific considerations in relation to the proposed options (which are set out in section **Error! Reference source not found.**), there are a number of factors which we feel it is useful to consider in the round. Furthermore, some considerations will apply equally regardless of which option is pursued (some of which have already been explained in our Previous Advice). These are set out within the paragraphs which follow.

Staff

3.2 Whichever option is pursued the Transfer of Undertakings (Protection of Employment) Regulations 2006 (**TUPE**) will apply to the arrangements and there will need to be a transfer of staff from GYN to the LATCo or the Council.

3.3 The operation of TUPE is such that the terms and conditions under which staff are currently employed by GYN would need to be maintained. We understand that there are approximately 70 staff employed by GYN under potentially 13 different sets of terms and conditions. Whilst this is likely to already create some difficulties from a HR perspective for the staff employed within GYN (e.g., managing performance and grievance issues could be more difficult across the workforce), this could be complicated further if either the Existing Vehicle or DLO Option is pursued (i.e., there will be greater inconsistencies in the terms and conditions across GYS's or the Council's workforce, as the case may be, depending on where the staff end up). Either of these options may also have a greater potential to give rise to issues associated with discontentment among staff that are employed by the same employer (be it a Council company or the Council itself) but where the workforce appears "tiered" (e.g., different groups of staff with different holiday entitlement and levels of hourly pay).

3.4 Given the inconsistencies in employment terms and conditions for the current workforce and the potential employment issues which are likely to arise as a result of the transfer, and also further into the future (e.g., if an exercise to potentially harmonise terms and conditions across the workforce were to be undertaken), we strongly advise that separate, specific employment related legal advice is secured by the Council to assist it in understanding the full range of employment issues which could arise in connection with each of the options for onward service delivery being considered in this note. Securing such advice well in advance of any transfer of staff will be important to help manage matters not just in the short, but also the medium and longer term.

3.5 We are assuming that staff currently employed by GYS will be fully engaged in providing the GYS Services following the transfer from GYN, and the ability to "redeploy" those staff to assist with delivery of the GYN Services if the Existing Vehicle Option was pursued would be limited. Similarly, we assume that the ability to redeploy any employees which will be engaged in the GYN Services to assist with the GYS Services would also be limited. However, from an operational perspective, the potential to streamline matters and utilise staff in different ways if they are all employees of the same company would be simpler than having staff split across different employing entities.

3.6 That being said, the potential for staff employed by one entity to undertake tasks on behalf of another entity would still exist if the NewCo Option or DLO Option is chosen, although some further consideration would need to be given as to how the Council would want to approach such matters if the option of sharing staff between different entities was pursued in future. For example, a secondment arrangement could be established or a services agreement could be entered into between the two parties to formally document such matters. This would of course be less flexible than having all staff under the employment of one company, i.e., one single employer.

Costs and resources

3.7 The NewCo Option would involve additional cost and duplication of certain ongoing obligations when compared to utilising the Existing Vehicle Option or DLO Option, this would include, for example:

3.7.1 initial set up costs associated with preparation of the company's constitution and incorporation of the company (assuming that no changes would be required to GYS's constitution which could result in some initial set up costs attaching to the Existing Vehicle Option);

3.7.2 there would be two companies both of which would be subject to ongoing filing requirements, for example, two sets of accounts will need to be prepared and filed annually with Companies House and two confirmation statements, one for each company;

3.7.3 depending on insurance arrangements, each company may be required to secure separate business insurance policies (e.g., employer's liability if this is not covered under any existing policies held by the Council);

3.7.4 there may be additional costs associated with separate bank accounts, one for each company;

3.7.5 IT systems, payroll and other support services are likely to be costlier across two companies (although it is acknowledged that separate IT systems to manage the services may be utilised in the first instance if the GYN Services are brought into GYS or the Council, but the NewCo Option does reduce the possibility to streamline/consolidate such systems in the future);

3.7.6 separate pensions arrangements will need to be organised which, depending on the approach taken, will require the company to become an admitted body or acquire scheduled body status;[1] and

3.7.7 economies of scale in relation to certain costs may not be as easily achieved if services are split across two entities.

3.8 In respect of the NewCo Option and Existing Vehicle Option, a services agreement will need to prepared relating to the delivery of the GYN Services which will be entered into between the Council and either GYS or NewCo. This is something which would not be required if the

[1] We were not involved in the pensions arrangements for GYS and are therefore unable to comment on the approach taken, but we would expect the Council to follow the same approach if the NewCo Option is pursued. We advise discussing such matters with relevant individuals at the Council, including securing specific pensions advice, to ascertain whether this element of the arrangements is likely to sway the Council towards one of the particular options being considered.

DLO Option is pursued, although the possibility of having some form of SLA in place or performance measures in respect of service delivery still exists.

3.9 Some costs would be the same regardless of which option is pursued, such as:

3.9.1 the drafting and negotiating of the documentation required to effect the transfer of assets (and anything else which is required for onward delivery of the GYN Services) from GYN;

3.9.2 the costs associated with acquiring those assets (and anything else required) from GYN; and

3.9.3 the cost of ongoing repair and maintenance of assets utilised in service delivery.

3.10 It is also worth noting that some short term costs associated with the transferring staff may be similar across all options being considered (assuming that staff numbers would remain unchanged whichever option is pursued), for example, current levels of pay.

3.11 There would of course be greater potential for a single entity delivering both sets of services to secure greater financial savings where the approach to delivery can be streamlined, for example, through the sharing of assets, staff or other resources. The potential also exists to share assets, staff and resources between two entities (i.e., two Council owned companies or between the Council and a company) with the view to reducing costs, but depending on how matters are approached, this may not be as easy to achieve as it would with both sets of services sat within one company. It may also require the implementation of additional contractual agreements or other structures to ensure things work on the ground. However, these are purely matters of an operational nature and we are unable to comment on this further.

Pensions

3.12 Due to the Best Value Authorities Staff Transfers (Pensions) Direction 2007, the liability attaching to pensions arrangements will be broadly the same if either the NewCo Option or Existing Vehicle Option is pursued (although note the brief thoughts above regarding additional administrative considerations attaching to the NewCo Option and the need for the company to acquire, for example, admitted body or scheduled body status). The number of employees transferring across from GYN eligible for membership to the LGPS and those where it will be necessary to continue to offer them membership of an employer’s contribution scheme (such as the National Employment Savings Trust (**NEST**)) should remain the same regardless of whether they are transferring into a NewCo or GYS. However, specialist pensions advice should be secured by the Council to better understand this aspect of the proposed arrangements and whether either option would have a material impact on pensions liability for the Council.

If the DLO option is pursued all employees transferring across from GYN and into the Council’s employment will need to be offered membership of the LGPS. Further information would be required to determine the current level of employer contributions required for the relevant LGPS pension fund (possibly Norfolk Pension Fund), but, for example, LGPS employer contributions are typically around 20% as opposed to 5% employer contributions for employees which are members of the NEST. We concluded in our Previous Advice that the additional pensions cost associated with the DLO Option, in our view, made this insourcing option unviable from a financial perspective. The pensions costs for the Council associated with this route will be much greater than those where a separate entity is utilised for onward service delivery. However, we understand that the Council has quantified the ongoing costs relating to pensions and pursuing this option and is comfortable that this can be offset by saving already achieved through service efficiencies and, as such, this additional financial liability is not necessarily a barrier to the Council.

The *Teckal* exemption and opportunity to trade

3.13 Both the NewCo Option and Existing Vehicle Option will permit the Council to take advantage of the so called *Teckal* exemption found in Regulation 12 of the Public Contracts Regulations 2015 so the Council does not have to undertake a procurement exercise. Similarly, there would be no need for the Council to run a procurement exercise if the DLO Option is pursued, but this is simply because the Council would be delivering the services directly (i.e., no contract is being awarded) and reliance on the *Teckal* exemption would not be required.

3.14 There are some specific points to note in relation to the application of the *Teckal* exemption and potential future considerations which will apply if the Existing Vehicle Option or NewCo Option is chose. We have set these out in the paragraphs which follow.

3.15 The *Teckal* exemption permits contracting authorities (e.g., the Council) to directly award contracts to wholly owned and controlled companies provided that certain conditions are met. Those conditions are:

3.15.1 the contracting authority exercises over the legal person concerned a control which is similar to that which it exercises over its own departments (**Control Condition**);

3.15.2 that more than 80% of the activities of the controlled legal person are carried out in the performance of tasks entrusted to it by the controlling contracting authority or by other legal persons controlled by that contracting authority (**Activities Condition**); and

3.15.3 that there is no direct private capital participation in the controlled legal person with the exception of non-controlling and non-blocking forms of private capital participation required by national legislative provisions, which do not exert a decisive influence on the controlled legal person (**Capital Participation Condition**).

3.16 As noted above, with either the NewCo Option or the Existing Vehicle Option, given the wholly owned and controlled nature of these vehicles and the view that they would be delivering services on behalf of the Council (and not others), we consider that each of the above conditions would be met and the Council will be able to rely on the *Teckal* exemption to directly award a contract to whichever vehicle is chosen to deliver the GYN Services.

3.17 However, we understand that there may be potential to grow the business to be acquired from GYN, and the ability to offer the GYN Services to others other than the Council (such as a range of small to medium sized housing providers in the Council's area) may be explored in future. With either option being considered, such a development of the business would not affect the Control Condition nor the Capital Participation Condition but would impact the Activities Condition.

3.18 The Activities Condition permits up to 20% of the company's activities to be carried out for others, i.e., not the Council. Therefore, utilising the Existing Vehicle Option would provide more opportunity to trade with others before breaching the 20% threshold. This is because the company (i.e., GYS) would be undertaking many more activities for the Council – the provision of both GYN Services and GYS Services. To determine the percentage of activities for these purposes, the average total turnover, or an appropriate alternative activity-based measure such as costs incurred by the Council with respect to services, supplies and works for the three years preceding the contract award should be taken into consideration. With GYS as a single entity delivering both sets of services to the Council, its average annual turnover will be greater than a single entity (i.e., NewCo) delivering only the GYN Services.

3.19 It should be noted that if the 20% Activities Condition threshold is breached, then a company will no longer be *Teckal* compliant, and to avoid any procurement related risks, there would be a need to reprocure the contracts for services being delivered by the company. Therefore, if the Council is serious about developing the business and it is expected that this is likely to go beyond the 20% threshold even when this is calculated against delivery of the GYS and GYN Services combined, having the different services separated across two entities would mean that if NewCo was to fall outside of the *Teckal* exemption, procurement issues would only attach to one set of services.

3.20 Furthermore (if the Council is serious about developing the GYN Services in future), it should be noted that the DLO Option would be the most restrictive out of the three considered within this note. Powers exist under the Local Government (Goods and Services) Act 1970 which would permit the Council to sell the services to other public bodies, but if the Council was seeking to trade the services commercially, in particular with the view to profit (such as to small to medium sized housing providers in the Council's area), then incorporating a company through which this activity can be carried out is likely to be required (further detail in relation to this is set out at paragraph 4.6, below).

4 Other Considerations

4.1 One of the main benefits of incorporating a new vehicle to deliver the GYN Services is that it will provide the opportunity to start completely from scratch – the company's constitution and governance arrangements (e.g., number of directors on the board, specific matters/decisions to be reserved to the Council as sole member of the company) can be determined specifically for the operation of that company and delivery of the GYN Services. However, it may be likely that the Council's governance requirements in the NewCo would be similar to GYS, in which case this would not be a major factor.

4.2 Establishing a new vehicle would also provide a "blank canvas" in other respects. It would be free to develop its own brand and could develop its own reputation separate from the operation of the GYS Services and the GYS company. This route may also help instil a greater feeling of change within the staff transferring across from GYN. Furthermore, having a separate vehicle to deliver the GYN Services would also make it easier for the Council to deal with those services in different ways in future, such as restructuring the company (e.g., by establishing an Arm's Length Management Organisation – see more on this below) or through disposing of the company to another party.

Alternative Vehicles

4.3 Pursuing the NewCo Option provides additional flexibility as to the type of vehicle the Council incorporates and utilises for onward service delivery, while moving the GYN Services into GYS would mean utilising the existing CLG structure of GYS and there would be no separate vehicle from the Council if a DLO is created. If the Council chooses to establish a NewCo, all options would be on the table - the most common (aside from a CLG) often considered are a company limited by shares (**CLS**) or limited liability partnership (**LLP**). However, whether these structures would really provide any additional benefits to the Council will ultimately depend on future plans for the GYN Services.

4.4 For example, a CLS would give the Council the ability to extract any profit generated by the company by way of dividends. This may be desirable if the business is grown and trades with others (notwithstanding any limitations imposed by the potential need to remain *Teckal* compliant, as explained above) generating a reasonable surplus beyond what the Council would be seeking to maintain within the company to deliver, for example, reduction in costs of future services or to reinvest to improve service delivery. A CLS also provides greater flexibility to permit others to get involved in the company, for example, by way of additional investment from a partner organisation which could secure a shareholding in return. Additionally, if the Council wishes to sell the company in future this would arguably be simpler and would be more attractive to potential buyers (as a well-recognised and commonly utilised model in the private sector) if the company is established as a CLS.

4.5 An LLP is often considered an attractive form of corporate structure. An LLP can be described as being "tax transparent" because any profit extracted from the company is taxed in the hands of the LLP's members, rather than the LLP itself paying corporation tax (a CLG and CLS are both subject to corporation tax on profits before they can be extracted from the company). However, while an LLP can potentially provide a tax benefit to the Council in the situation where it was seeking to extract profit from the company, utilising this structure does pose certain challenges in terms of formation and also from a powers perspective.

4.6 The legislation which underpins partnerships requires that, to establish an LLP, two or more legal entities are required. There is the potential that by joining together with GYS as partners, the Council could establish an LLP which, for all intents and purposes, would be wholly owned by the Council. However, there is also a general requirement in the legislation governing partnerships that they are established to undertake an activity in view of making a profit. This does not sit comfortably with the statutory powers of local authorities to act commercially to make a profit (the two broadest powers being the general power of competence found in section 4 of the Localism Act 2011 and the power to trade under section 95 of the Local Government Act 2003) which require that any trading a local authority undertakes must be through a either a limited company (i.e., a CLG or CLS) or an industrial provident society (the latter of which is not appropriate in the context of the Council's plans with GYN).

4.7 These are matters which have been considered by the courts in recent years. Essentially, for the Council to utilise the LLP structure, its dominant purpose for doing so must be one which is not commercial. Therefore, while the option of an LLP may be attractive because of the tax benefits it could provide, and it would be technically possible to establish an LLP as a wholly owned vehicle of the Council, further consideration of the Council's dominant purpose for establishing the LLP would need to be undertaken. On the face of it, the proposed plans for the GYN Services does not appear to be one which is not commercial.

4.8 We mention the potential to adopt an alternative vehicle (i.e., not a CLG) for completeness, and because understanding the options available in order to simply discount them can often assist in reaching the right decision. While establishing a vehicle with the view to extracting profit may not be an immediate concern for the Council, it does help to illustrate the additional flexibilities that pursuing the NewCo Option can provide.

Governance

4.9 A DLO would be a different department within the Council operating as a "trading body" in its own right, rather than a separate entity controlled by the Council. As such, the Council would have more direct control over the operations of a DLO than through a wholly owned company.

4.10 We understand that the Council may wish to employ separate individuals to each oversee the GYS Services and the GYN Services if a LATCo is established, in which case the NewCo Option would be the better choice than the Existing Vehicle Option. By having each set of services being delivered by separate entities, it would be easier to have a clear divide of oversight and accountability for each set of services within the Council. We appreciate that a similar outcome could be achieved if the DLO Option is pursued.

Company structures and board composition

4.11 As with the Council's internal oversight, by having two separate vehicles, a clear distinction in roles and responsibilities of the companies' directors can be achieved – each company would have its own board of directors and different individuals could be appointed to each company (or some different and some the same, depending on how the Council wishes to approach matters).

4.12 Each company would require its own unique management team, which we would expect to be employees of the company, and this again provides for a potentially clearer distinction of management structures and responsibilities if two entities are utilised as opposed to one. However, it would be entirely possible to have two teams of senior individuals sat within GYS with each team assigned to the oversight and management of one set of services and reporting separately and directly to the board of directors.

4.13 Article 24 of GYS's articles of association provides the Council with discretion to determine which individuals are the directors of the company. The articles currently permit a maximum number of six directors. As noted above, GYS currently has three directors listed on Companies House. Therefore, there is potential for additional directors to be appointed to GYS who, for example, have relevant skills, knowledge and experience applicable to the GYN Services.

4.14 However, simply having more directors appointed to GYS does not guarantee that board meetings where decisions taken in relation to the GYN Services would have the relevant directors present (it should be noted that under the current GYS articles the quorum for a directors' meeting is simply two directors). From an operational perspective, the Council would of course have the ability to manage this (e.g., setting appropriate agendas and timetables for board meetings to ensure relevant individuals are present), but ideally such matters would be recognised in the company's constitution, which would require amendments to GYS's articles.

4.15 From a day-to-day management perspective, this is unlikely to be an issue - as noted above, if GYS was to deliver both sets of services, we consider it likely (and also sensible) that a separate management team would be employed and given specific oversight of the GYN Services – but if utilising a LATCo is deemed the most appropriate model for onward delivery, the NewCo Option with a clear separation between the companies delivering each set of services is certainly a neater option.

Arm's Length Management Organisation

4.16 One particular outcome that would be more easily achieved if the NewCo Option is pursued is that the separate vehicle could in future potentially be utilised as an ALMO. The concept of ALMOs was first introduced in 2002, they typically have two key objectives to:

4.16.1 bring the Council's housing stock up to the Decent Homes Standard; and

4.16.2 provide a housing management service which puts the tenant at the heart of delivery.

4.17 ALMOs ordinarily adopt a CLG as their corporate structure and are often wholly owned local authority vehicles (i.e., the local authority would be the company's sole member). ALMOs undertake a range of services on behalf of the council relating to the management, repair and improvement of the council's housing stock. They may also provide other services directly to tenants, such as debt advisory services, counselling, tenant enforcement, and lettings management (e.g., dealing with allocations).

4.18 Whereas some of the GYN Services clearly fall within the remit of those activities typically carried out by an ALMO, the current business of GYN would need to be developed if it was to undertake such a role in its truest sense. It would also likely require a mechanism by which the tenants it serves would have input into the company, such as representation and a voice at board level. As such, any company utilised as an ALMO would need to be constituted differently from GYS, and realistically the Council could only establish an ALMO through a dedicated, standalone vehicle. Therefore, if the Council feels this could be something it wishes to do in future, the NewCo Option provides more opportunity to explore this. However, if the NewCo Option is pursued, we would not recommend constituting the new vehicle as "ALMO ready" because the specific requirements we would need to include in the company's articles are unlikely to be suitable for the new vehicle in the first instance. Instead, we would recommend the company's articles of association are amended at the relevant time to provide for this.

Operational risk

4.19 Whilst certain risks for the Council would remain relatively constant with whichever option is chosen, such as the potential for reputational damage attaching to the services if things go wrong, the ability to separate the risks associated with each of the services into separate entities is an additional benefit of pursuing the NewCo Option. It should also be noted that while reputational damage attaching to services delivered by a wholly owned vehicle of the Council can transfer to the Council (by association), the potential for direct reputational damage is greater where services are delivered directly by the Council (i.e., if the DLO Option is pursued).

4.20 Where a LATCo is utilised, the vehicle would be a company with limited liability, therefore, the financial risks associated with delivery of each of the services would be contained within the company. With direct delivery through a DLO, there would be no separate corporate structure to “contain” financial liabilities and these would be assumed by the Council directly. Although from a practical perspective this may not mean much as even where a company is utilised the Council would inevitably have to step in, potentially assuming financial liability if services fail. However, utilising two companies would allow for separation of certain operational risks and, for example, splitting the services across different entities could help to ensure that if reputational damage is sustained, this only attaches to one company and one set of services, rather than one company delivering both sets of services.

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September 2023

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