



GREAT YARMOUTH
BOROUGH COUNCIL

Cabinet

Date: Monday, 12 February 2024

Time: 14:00

Venue: Supper Room

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 LICENCE FEES - HACKNEY CARRIAGE AND PRIVATE HIRE 4 - 14

Report attached.

5 2024/25 GENERAL FUND AND HOUSING REVENUE ACCOUNT BUDGET REPORT 15 - 83

Report attached.

6 STRATEGY DOCUMENTS RELATING TO BUDGET 84 - 124

Cabinet are asked to consider the following :-

Treasury Management 2024/25
Capital Strategy 2024/25
Investment Strategy 2024/25

7 EXCLUSION OF PUBLIC

In the event of the Cabinet 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 3 of Part I of Schedule 12(A) of the said Act."

8 CONFIDENTIAL - WINTER GARDENS NATIONAL LOTTERY HERITAGE FUND GRANT AWARD

Details

9 CONFIDENTIAL - SITE 13B GREAT YARMOUTH ENERGY PARK

Details

10 CONFIDENTIAL - SALE OF MARITIME HOUSE

Details

11 CONFIDENTIAL - GAPTON HALL UTILITY WORKS

Details



URN: 24-002

Report Title: Licence Fees – Hackney Carriage and Private Hire

Report to: Cabinet

Date of meeting: 12 February 2024

Responsible Cabinet Member: Cllr Paul Wells

Responsible Director / Officer : Denise Wilby – Licensing and Election Manager

Is this a Key decision ? No

SUBJECT MATTER AND DECISION REQUIRED

That Cabinet are asked to consider the proposed Hackney Carriage and Private Hire licence fees (as part of fees and charges setting process) for 2024/2025 as a result of comments received and:

- **RECOMMEND TO COUNCIL to approve the proposed fees without modification for 2024/2025.**

Background

- 1.1 Section 70 of the Local Government (Miscellaneous Provisions) Act 1976 provides that "a District Council may charge such fees for the grant of vehicle and operator licences as may be resolved by them from time to time and, as may be sufficient in the aggregate to cover in whole or in part":-
 - (a) The reasonable cost of the carrying out by or on behalf of the District Council of inspections of Hackney Carriages and Private Hire Vehicles for the purpose of determining whether any such licence should be granted or renewed;
 - (b) The reasonable cost of providing Hackney Carriage stands; and
 - (c) Any reasonable administrative or other costs in connection with the foregoing and with the control and supervision of Hackney Carriages and Private Hire Vehicles.
- 1.2 Section 53 (2) of the Local Government (Miscellaneous Provisions) Act 1976 provides that "a District Council may demand and recover for the grant to any person of a licence to drive a Hackney Carriage or Private Hire Vehicle as the case may be, such a fee as they consider reasonable with a view to recovering the costs of issue and administration".
- 1.3 Should the Council choose to increase the fees it is required in law to publish such proposals and in the event of objections to such increases must consider such objections before implementing the revised fee (with or without modification).

1. Current situation

- 2.1 The fees and charges have been calculated to ensure that they are set at an appropriate level to support the recovery of the cost associated with providing the service.
- 2.2 In arriving at the proposed fee levels, officers considered the steps required for each licence type in order to process, validate, review and grant or refuse a licence including external cross-check requirements such as Disclosure and Barring Service checks, immigration checks, NR3 database checks, checks with other authorities, knowledge tests and mechanical vehicle checks.
- 2.3 A breakdown of how these costs were calculated can be found in Appendix 1.
- 2.4 As is required in legislation, a notice of the intended fees was published in the local paper which allows for a 28-day representation period. This began on 8 December 2023 and ended on 8 January 2024.
- 2.6 Where objections are received to the proposed advertised fees, under Section 70 of the Local Government Miscellaneous Provisions Act 1976 the council can either approve the fees as proposed or modify the fees after consideration of the objections.
- 2.7 The proposed fees are as follows:

Licence	2023/2024 Existing fee	2024/2025 Proposed fee
Hackney Carriage Vehicle Licence	£252	£280
Private Hire Vehicle Licence	£252	£280
Second class Hackney Carriage vehicle licence	£273	£300
Private Hire Operators Licence (5 year licence)	£368	For 1 – 10 vehicles £390 For 11 – 20 vehicles £490 For 20+ vehicles £710
Driver's Licence (3 year licence)	£174	£220
Transfer of vehicle	£67	£75
Knowledge Test	£20	£25

3. Representations received

- 3.1 Several comments have been received from the trade, a summary of these can be found in Appendix 2.
- 3.2 Some of comments from the trade relate to their ability to increase their fares to cover the costs of these fees increase. A fare increase was agreed at licensing committee with the fare increase

starting in October 2022. It was also agreed these could be reviewed again in 2 years' time, so there will be an opportunity for fare increase to be put before licensing committee in October 2024.

4. Conclusion

- 4.1 Although there have been some concerns raised by the Taxi trade, there is an opportunity for them to review their fares within 24/25 financial year, to ensure the Council is covering its costs of officer time to administer and enforce this area of work it is essential that the Council agrees the proposed fees for 2024/2025 and approve.

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

Area for consideration	Comment
Monitoring Officer Consultation:	No comment
Section 151 Officer Consultation:	In line with fees and charges policy
Existing Council Policies:	Fees and Charges policy and cost recovery
Financial Implications (including VAT and tax):	Increased income to cover officer time
Legal Implications (including human rights):	None
Risk Implications:	None
Equality Issues/EQIA assessment:	None
Crime & Disorder:	None
Every Child Matters:	None

Hackney Carriage/Private Hire Driver's Licence (3 year Licence)

Processes	No of mins	Cost
Admin inc: Immigration checks, advice DBS check initial application and ID check check NR3/ dvla check/ tax code check Process and Issue licence and badges	150 mins	116.11
Compliance over 3 years inc: 6 monthly checks of DBS Annual DVLA checks Medical certificates	120 mins	83.46
ID Badge x 2		20.00
Stationery/printing		5.00
Total Cost		£224.57

Knowledge Test	35 mins	£27.50
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Hackney Carriage/Private Hire Vehicle Licence

Processes	No of mins	Cost
Admin inc: Enquiries and issue of paperwork, validating and processing application, processing payment, issue of licence and make up of plate/fare card/crests. Face to face advise Chase of outstanding paper work including 6 monthly vehicle tests	210 mins	146.06
Back plate/fare cards/crests		50.00
Compliance and Enforcement	120 mins	94.20
Total Cost		£290.26

Second Class Hackney Carriage Vehicle Licence

Processes	No of mins	Cost
Admin inc: Enquiries and issue of paperwork, validating and processing application, processing payment, issue of	210 mins	146.06

licence and make up of plate/fare card/crests. Face to face advise Chase of outstanding paper work including interim vet checks		
Back plate/fare cards		40.00
Compliance and Enforcement	120 mins	94.20
Maintenance of ranks		20.08
Total Cost		£300.34

Transfer of Vehicle

Admin process inc Send and receipt of application and documents Check details	90 mins	62.50
Fare card		10.00
Stationery/printing		5.00
Total Cost		£77.50

Private Hire Operators Licence (5 Year Licence)

Processes	No of mins	Cost
Admin inc: Enquiries and issue of paperwork, validating and processing application, processing payment, issue of licence. Face to face advise Chase of paperwork eg DBS certificates	180 mins	125.19
Compliance and Enforcement including inspections and follow up advice (over 5 years)	750 mins (20 + vehicles)	588.75
	475 mins (11 – 20 vehicles)	372.90
	350 mins (1 – 10 vehicles)	274.75
Total Cost	20+ vehicles	£713.94
	11 – 20 vehicles	£498.06
	1 – 10 vehicles	£399.94

Summary of Representations received

Name	Comments
Simon Kitchen Driver/Plate Holder	Totally Object unless we have a rate increase prior to this!! Minimum wage has increase twice since our last rate increase. If your fees are going up to cover your costs its only fair the Drivers are able to earn more as they are suffering the same problems in line with you.
Scott Hooley Driver	I object to the new rate increases as you've put rates up on taxis once in years yet the minimum wage gone up twice in space of a year but don't put our rates up so I object and so will many others
Paul Smith Driver	I disagree with the license increase as it is meant to be non profit and cant see how this is so
Stuart Bulloch Driver	I would like to comment on the planned proposal that you issued to all Operators and Drivers. Firstly, I am only a driver so only two parts affect me. However those two sections have the largest % increase; 3year licence up by 26.4% Knowledge Test up by 25% The other increases are all between 9.9% & 11.9%. The 25% increase on the knowledge test is fine as in monetary terms it is a small number. The 26.9% on the other hand for the 3 year licence is not it's an increase of £46. Maybe you could look at decreasing this and take it from the Operators ?.
Jamie Skinner Driver	I wish to object to the fee increase for hackney carriages. The industry still has not fully recovered from COVID, with overall passenger journeys still lower than pre-pandemic levels. This has been worsened by the £2 cheap bus fare incentive by the government, Huge losses were made in the industry with many operator drivers hanging up their keys for the final time. The actual cost of running a vehicle has already increased. Fuel is still in excess of £1.50 per litre, with new parking/drop-off charges at various airports too this results in having to raise pre-booked airport run prices - with many customers saying "it's too expensive". Vehicle Excise Duty or "road tax" is still increasing, certainly in the case of older custom made vehicles such as wheelchair accessible vehicles. Many drivers are also now doing county council school contracts as the likelihood of a regular income from the ranks is so low, the contracts themselves have not taken into consideration any cost increases in the past few years either, so the profit margin is getting increasingly tighter. To add to this by raising all applicable fees would make the squeeze even worse. Another point is vehicle stock. Newer vehicles with lower

	<p>emissions and lower tax bands have simply not been available to purchase due to a national shortage.</p> <p>Those vehicles that are available are often older, and are sold at a premium price. So many are hanging onto their older vehicles as they cannot simply afford to replace them. Again this increases running costs as tax is more and so is fuel consumption.</p> <p>Furthermore, the increase in drivers licence fees, and the testing fees means that the job role is even more unattractive. The industry is facing a huge shortage of drivers, especially new recruits. I myself am still the youngest licence holder in the borough, having gained my hackney at 21. With no new recruits, and the average age increasing, many older drivers simply won't bother to renew and will retire. In my opinion this is a bad move. People are starting to look into alternative work, again since COVID. Many former office works hitting the roads as HGV Drivers, parcel drop drivers etc,</p> <p>We want to be attracting more to the industries to reduce the extreme workload many are facing - not the opposite! This is not going to attract new drivers to the borough, and ultimately this will result in LESS revenue for yourselves.</p> <p>Hopefully you take my comments into consideration.</p>
Andrew Smith Driver	Absolutely disgusting
Neil Sherrington Driver	I would like to object to the price increase
Roland Kitchen Driver/Plate Holder/Operator	<p>I'd like to object to the increase in fees.</p> <p>The new operators license fee that is separated into the amount of cars is ridiculous. The price difference from the original price of £368.00 and the higher price for 20+ is £342 . This penalises those who have a bigger fleet and those who provide larger employment opportunities in the area. This also creates questioning such as what if a business grows within the 5 years, does their existing license becomes invalid, or what if a business drops a couple of vehicles and drops a level will they get a refund on their license fee.</p> <p>Also the price increase on the driver's license is nearly £50.00, this will discourage new drivers from joining. How are you expecting people to pay out when they are already unemployed? The industry is calling out for more drivers and yet you are putting a barrier in place to prevent this.</p> <p>I am also unhappy about the price increase on the vehicle licenses, although it seems £28 may not be a lot but this cost adds up on our current fleet to £588.00 a year. With this extra money, what do we receive in return for this, as it seems we will be receiving the same service as just a back plate.</p>

	<p>When thinking about the price increases did you think about how as business we will be able to afford the new costs. This will only lead to us needing a new tariff rates which will fuel inflation.</p> <p>I also would like to mention this is the first time in two years where you have contacted licence holders in regards to price increases, meaning we have been blindsided into new costs that we have not been able to factor in.</p>
<p>Steve Spearman Driver</p>	<p>Although I do not expect a response I would be grateful if someone could tell me the justification of a 26% increase in the driver's licence especially at this time with a cost of living crisis in this country,</p> <p>It's bad enough that we have to pay to go to work.</p> <p>I do not understand why there is such a big increase this is way above the rate of inflation.</p> <p>My thoughts are that GYBC are losing revenue from other sectors and we as drivers are a captive audience and have to pay to work, therefore easy targets Personally I only work the school runs therefore work approximately 36 weeks of 52 at just above minimum wage this I do from personal choice to suit my own lifestyle, I look forward to approaching my employer for a 26% increase in salary. Yes a ridiculous comment how ever I think this proposed increase is also ridiculous and unfair and as stated unjustifiable...</p>
<p>Peter Holland Driver</p>	<p>Hello, can I please register my opposition to the increase to the driver's licence for hackney carriage. How can a 26% increase be justified in current circumstances with cost of living etc?</p>
<p>Andrew Ellis Driver</p>	<p>We are in the middle of a financial crisis. This is not the time to be draining money from those already working for a living. Should you do so, it will eventually become unviable to work and then becoming part of the unemployed, and subsequently adding to the councils growing benefit list</p>
<p>Simon Tilley Driver/Plate Holder</p>	<p>I object to the proposal for an increase in Hackney Carriage related fees. I should not have to remind you of the financial crises many families are facing on a national level. Who proposed such a ridiculous motion? Was this proposed by Borough councillors? I find it insulting and utterly immoral to propose any increase during this period of central government mismanagement.</p>
<p>Ian McHugh Driver/Plate Holder</p>	<p>The Hackney carriage should be 3 years if going up same for second class .vehical licence should be 3 operators should be 6 or even 8 its like you council itself shops bills petrol stationd answer two the living crises is put everything up or are you trying to put the single owner driver out of work so the bigger firms like albies and ocean can stay note there brothers.drivers licence fee should be 5 years and the dsb check should be 3 to 5 years.</p>

<p>Tracey Wells Driver/Plate Holder</p>	<p>I am objecting to your proposal to increase all fees for the taxi and private hire vehicles as I feel that this is very unacceptable. Since covid came along and through this NO self employed taxi and private hire business have not managed to get back to some sort of normal. We lost so much time with no earnings whatsoever but still had to manage with our life savings to keep the bills paid. You have no idea what it was like for us it was sole destroying so now I feel that you are taking as all to the core asking for a very large increase in all the fees. As you are all aware of the very high extra bills that every house hold is having to find each month the government seems to think we are all a bottom less Pitt. I hope this aires my view</p>
<p>Matthew Yaxley Driver/Plate Holder</p>	<p>Further to your email in December 2023 outlining the proposed review of associated fees for Hackney Carriage and Private Hire from April 2024 please accept this email as a formal objection for logging and consideration. As I am sure you will be aware since the COVID Pandemic the taxi trade in Gt Yarmouth has not recovered as an industry for both driver availability and the trade in general. I am sure you would have seen the recent publication in the National press there are over 3,500 taxi driver shortages in the UK of which the borough of Gt Yarmouth is no different along with the lack of trade available in the town. It must be noted that GYBC have increased fees charged for the last 2 years and to add a further increase for another year in a trade that has not recovered, nor is indicating any immediate signs of recovery even for the summer trade, and the fact the charges that are set by GYBC that we can charge the customer (Meter Prices) have only been increased once in over 10 years the proposed level of increases from April is unfair and excessive in my view. Whilst I understand that all local authorities are facing a deficit in the upcoming year's budgets, and all areas are being reviewed, to increase fees to potentially recover some of the shortfall to the level of the proposed increases is not the answer. What could be deemed as a short-term fix end up being a longer-term pain for everybody. Whilst I appreciate fees charged, budgets and expenditure should be reviewed by any local authority but to simply increase fees for the services that they offer, and to the level of that proposed, in my view is excessive as already stated. As you are aware being a multi operator within the borough and having struggled for a significant amount of time attracting new drivers with vehicles being parked up regularly whilst trying to obtain and secure drivers, by proposing to increase fees at that level could only hamper everybody in the trade further. The levels of increases you are proposing, which are not exhaustive, increase the knowledge test by 25% to £25, increase the Drivers licence by 26% to £220 for the 3-year period will only make the process of attracting existing drivers to renew and</p>

	<p>attract new blood to the trade even more difficult at a time when we have a cost of living crises. Every penny is being counted, and in a town where local trade has not recovered since the pandemic even over the summer period being a holiday resort. We are a small seasonal seaside town and not a city location which will have consistent daily work including the nightlife of which we have little now again since the pandemic, and the percentage of increase is excessive for all areas proposed in my view.</p> <p>As the owner of the vehicles the proposed increase of 11% to the Hackney Carriage & Private Hire Vehicle License to £280 could force a number of businesses to review the business model they operate and review those that drive the vehicles and the potential impact this could have on any business and those that work within it doesn't bare thinking about. Things are extremely tight for everybody and to propose the level of increase being proposed again, in my view is excessive.</p> <p>I trust the above makes sense, but should you have any questions please do not hesitate to contact me further and I await the outcome of the meeting with the Cabinet in February.</p>
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Great Yarmouth Borough Council

- 5 JAN 2024

Customer Services

January 4th 2024

Licensing Department
Great Yarmouth Borough Council
Town Hall
Great Yarmouth
Norfolk
NR30 2QF

Dear Sirs,

Ref: Hackney Carriage and Private Hire Fees 2024

Reference your letter received 15th December 2024 regarding the above, I have the following questions and comments.

1. What prompts an automatic increase each year in fees to our trade? If it is due to inflation then the percentage increase is galloping and beyond what should reasonably be expected.
2. Since the Covid 19 pandemic we have witnessed first-hand a decline in our general customer base, especially the rank work and more particularly in my case, the evening/night work. It is not unusual to sit for two hours without an opportunity of work as the evening economy has changed beyond recognition. Night-clubs, restaurants and pubs have changed their operating criteria to such a degree that some people either don't socialise as before or choose to venture further afield (eg Norwich).
3. Although I applaud the government incentive to cap local bus fares, it has affected our takings. Our trade receives no subsidies, indeed during lockdown when we couldn't work we still had to pay Council fees when some other Councils actually gave their drivers a financial helping hand!
4. Many taxi drivers are self-employed and the proposed increase in fees are out of proportion. The last increase in our fare tariff took ten years to achieve and implement so if we asked for another increase to counter these charges it would not be passed without full consultation and therefore your proposal should be scrutinised in the same way with full disclosure of the facts to support your case for arriving at these figures.

Yours faithfully,


G Brown,




URN: 23-172

Report Title : 2024/25 GENERAL FUND AND HOUSING REVENUE ACCOUNT BUDGET REPORT

Report to: Cabinet 12 February 2024

Scrutiny 13 February 2024

Council 22 February 2024

Responsible Cabinet Member: Carl Smith – Portfolio holder Governance, Finance and Major Projects

Responsible Director / Officer : Executive Director, Resources (S151 Officer)

Is this a Key decision ? Yes

SUBJECT MATTER/RECOMMENDATIONS

This report presents for approval the 2024/25 budgets for the General Fund, Housing Revenue Account and associated Capital programmes.

RECOMMENDATIONS

That Cabinet RECOMMEND TO COUNCIL:

- 1) The general fund revenue budget as detailed at Appendix A;
- 2) The Council Tax for 2024/25 for the Borough Council tax be **£186.90** (for an average Band D);
- 3) That the demand on the Collection Fund for 2024/25 be:
 - a. **£5,715,780** for the Borough Council purposes;
 - b. **£775,700** for Parish Precepts (subject to two parishes finalising their precepts);
- 4) The new fees and charges as outlined at Appendix E be approved;
- 5) The additional savings and income proposals as detailed at 3.5;
- 6) The approval of a cashflow facility for GYS as outline at 3.10;
- 7) The reserves statement and movement on the reserves as detailed at Appendix F and within section 4 of the report;
- 8) The Policy framework for reserves as detailed at Appendix G;
- 9) The updated Capital Programme and financing for 2023/24 to 2024/25 as detailed at Appendix H and within section 6.4;
- 10) The new capital bid proposals at Appendix I;
- 11) The addition of £250,000 to the capital contingency budget for the provision of project management cost;
- 12) The Minimum Revenue Provision Statement 2024/25 as included at Appendix J.
- 13) The housing revenue account budget as detailed at Appendix K and L and recommend to transfer £1.4m revenue to HRA earmarked reserves in 2023/24.
- 14) An increase to all housing rents by 7.7%, cap Affordable rents to 130% of local housing allowance rates and increase Service charges as outlined at Appendix M
- 15) The housing revenue account capital programme and financing for the revised 2023/24 position and 2024/25 – 2028/29 as detailed at Appendix N

INTRODUCTION / BACKGROUND

- 1.1. This report presents the 2024/25 budget for the General Fund and Housing Revenue Account for approval including the capital programme for both. The report is presented to Scrutiny ahead of Cabinet on 12 February and recommendations will be made to Council on 22 February 2024 to inform the setting of the council tax for 2024/25.
- 1.2. The 2024/25 medium term financial strategy was presented to Members in November and December 2023 and at that time set a savings/income target of £2million for the 2024/25 financial year, with a further £1million target in each of the following two financial years. This along with an assumed use of reserves over the short term was part of the financial strategy to produce a balanced budget for 2024/25. This was ahead of the detailed work on the service budgets and the outcome of the finance settlement.
- 1.3. Since then a number of cross party group meetings have been held to discuss the budget and consider savings and income proposals for reducing the forecast funding gap. These

culminated in the identification of £1,177,050 of savings and additional income that were presented to Council in December for approval that have been reflected in the budget for 2024/25 and future forecasts. These were in addition to other savings that were in progress including the office rationalisation as reported to Members in 2023.

- 1.4. The provisional Local Government Finance settlement was announced in December, and this has been used to update the funding for the budget for 2024/25, further detail on the funding is included at section 2 of the report. A further announcement was made on 24 January 2024 ahead of the final provisional settlement and the estimated impact of this has also been updated in the budget for 2024/25. Furthermore the detail of the budget has been produced by joint working between the service areas and the finance team to co-ordinate the detailed service budgets which are presented in more detail at Appendix A (summary statement) and Appendix B for the detailed service budgets.

2. PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2024/25

- 2.1. The provisional Local Government Financial Settlement for 2024/25 was announced on 18 December 2023 with a further announcement of funding allocated on 24 January 2024. The final settlement is due to be confirmed in early February and any changes will be updated as part of the budget reports to Members in February.
- 2.2. The headlines from the announcement are summarised below, along with the impact to the Council's funding:
- 2.3. **Core Spending Power (CSP)** – This includes funding resources available to the sector and includes income from Council Tax, Business Rates, New Homes Bonus, Revenue Support Grant and other specific grants. The headline announcements are increases to core spending power of 6.5% for the sector for 2024/25, for GYBC, it is an increase of 4.5% the position for GYBC is included in the table 1;
- 2.4. **Revenue Support Grant (RSG)** – In cash terms the year-on-year allocation has increased by £168,096, an increase of 6.6%.
- 2.5. **New Homes Bonus (NHB)** – A total of £291.4million for NHB has been allocated nationally (compared to £291.3 million in 2023/24). The allocation to the Council is £479,391 based on an award of 276 properties (after allowing for the threshold) plus 82 affordable units. There is no legacy payments and the threshold over which the bonus remains payable remains at 0.4%. The allocation for 2024/25 marks a further allocation under the current system which has been due a review over many years due to the significant disparity and inequity of the current NHB scheme which does not benefit those authorities that have a higher-than-average number of lower banded properties and also where they face challenges to deliver housing growth.
- 2.6. Other Grants:
 - **Services grant** – the settlement has included £76.9 million for 2024/25 (compared to £483 million last year) funding nationally, the allocation to the Council is £24,442;
 - **Funding Guarantee** – The provisional settlement allocated funding to ensure that all authorities had an increase of 3% increase in core spending power before local decisions on council tax were made, at this point no funding was allocated to GYBC. Following the later announcement made on 24 January it is expected that an allocation of in the region of £85,000 will be made available which has now been reflected in the budget. This will be confirmed within the final finance settlement. This funding essentially continues to fund the reductions in previous allocations of NHB and as the Council has received a NHB allocation for 2024/25 there is no funding guarantee allocated for 2024/25.

- 2.7. **Council Tax** – Core Spending Power assumes increases in Council tax funding from tax base growth and increases in Council tax to the capped limit, for shire districts this is the higher of 3% or £5 for a band D equivalent property. The CSP assumed additional resources compared to 2023/24 of £224,389, in cash terms the budget as presented shows a comparable increase in resources from Council Tax of £328,511. This is based on the tax base for 2024/25 of 30,581, an increase of 730 and the increase of £5.43 to a band D to £186.90.
- 2.8. **Business Rates** – The Autumn Statement confirmed that the small business rates multiplier for 2024/25 would be frozen at 49.9p, the standard business multiplier rising to 54.6p by CPI. The Government will compensate local authorities for the loss of income upto the level of the September 2023 Consumer Price Index (CPI) (10.1%).
- 2.9. The following table provides a summary of the Core Spending Power as announced in the provisional settlement compared to the 2023/24 funding.

	2023-24	2024-25	Movement
	£000	£000	£000
Settlement Funding Assessment*	6,522	6,843	321
Compensation for under-indexing the business rates multiplier	679	827	148
Council Tax Requirement excluding parish precepts	5,417	5,642	225
New Homes Bonus	187	479	292
Services Grant	155	24	(131)
Funding Guarantee	263	85**	(178)
Core Spending Power	13,224	12,669	677

*Includes Revenue Support Grant and Business Rates baseline Funding

** Subject to confirmation in the final settlement

- 2.10. **Fair Funding Review** – The announcement on the provisional settlement made no further announcements on the future of the changes to local government funding from the fair funding review and therefore there remains continued uncertainty around the future funding and in particular transitional funding when the changes come into effect.
- 2.11. **Business Rates Pool funding** - The Norfolk Business rates pool has been operating since the start of the business rates retention system was introduced in 2013/14 and except for 2021/22 a pool has existed. It is being recommended that the pool continue again for 2024/25 with the sharing arrangement of the gain for 2024/25 being the same as that for the current financial year where the funds are shared across the members (all seven boroughs, districts and the city along with the County) as opposed to a bidding process.

3. REVENUE ACCOUNT BASE BUDGET

- 3.1. The high-level summary of the general fund revenue budget is included in Appendix A. Appendix B provides more detail of the service budgets and also provides commentary on the more significant movements compared to the 2023/24 base budget. The following provides a

commentary on some of the key assumptions that have been used to inform the 2024/25 budgets.

- 3.2. **Council Tax** – The budget reflects the tax base as approved by Council in December of 30,581 and an increase in the Band D Council Tax of £5.43 to £186.90, this is within the permitted referendum limit for GYBC. The forecasts for the following two years assume similar growth in tax base and annual increases to the maximum permitted within the capping limits.
- 3.3. **Funding** – The budget assumes the funding allocation from the provisional local government finance settlement and the utilisation of the grants allocated in the year along with the additional expected from the final settlement allocations. In addition, the Council has been allocated the Long term plans for Towns funding which is a £20m investment from 2024/25 onwards. The details of the funding and the use of the funding are not yet known and as the investment plan is developed the budget will be updated accordingly.
- 3.4. **Fees and Charges** – The fees and charges for 2024/25 were reported to Cabinet for approval on 29 January with some new fees for recommendation which are attached at Appendix E for approval. These are new proposals that upon review are being recommended for approval as part of the 2024/25 budget for implementation from 1 April 2024. Appendix M sets out the proposed pitch fees and service charges for Gapton Hall. The pitch fee has been increased by 3.4% in accordance with the Mobile Homes (Pitch Fees) Act 2023 reflecting the difference in the CPI rate between September 2022 and September 2023. A new charge is being introduced in 2024/5 to recover the cost of the Council Tax liability for the site, with the cost divided by the number of pitches. Service charge costs are on a cost recovery basis.”
- 3.5. **Savings** – The 2024/25 budget assumes the continuation of previously approved savings and additional income, in addition a number of new savings and additional income as approved by Members in December 2023 following a number of joint cross party member working groups have now been included in the budget presented for approval. Since then further work has continued by officers to identify additional savings that can be delivered from April 2024. These are summarised in the table below and are recommended for approval as part of the budget for 2024/25.

Savings Proposal	2024/25	2025/26	2026/27
a) Parking Permits – removal of council parking permits issued free of charge for external organisations and staff. Annual parking permits are issued to 409 recipients (222 staff, 39 elected Members and 148 external partner organisations). It is recommended that only passes are retained for GYBC staff that are required to visit the Town Hall/Offices during the day and for Members for use whilst on Council Business.	30,000	30,000	30,000
b) Brush Quay Car Park - Introduction of long stay pay and display charges on the car park from 1 April to 30 September and offer season tickets (chargeable) for residents. Charges would be full day £9 and £4.50 for half day. Charges are included in the fees and charges schedule at Appendix E.	46,000	48,300	50,715
c) Car Parking Enforcement – Review of proactive approach to parking operations and enforcement across the borough to ensure efficient use of resources.	33,00	41,600	43,680

Savings Proposal	2024/25	2025/26	2026/27
d) Vacant Post – Removal of the vacant Head of Health Integration and Communities post part funded by GYBC.	45,000	46,800	49,140
e) GYS – Efficiency savings as part of GYS Operational Plans for 2024/25 onwards to be delivered during the 24/25 year.	180,000	187,200	194,690
Total	334,000	353,900	368,225

- 3.6. **Employee Budgets** – The budget for 2024/25 assumes a 4% pay award, although this is subject to a local agreement. The last two local pay settlements have resulted in a pay award of £1,925 for the pay scales to a maximum as opposed to a percentage increase, whilst these have resulted in average increases across the board of in the region of 5%, at this time and compared to others across the sector 4% pay award is the level that has been factored in at this time. As a guide a 0.5% sensitivity to the pay award equates to approximately £75,000 check this per annum for the Council budget. It is current practice to allow for a turnover/vacancy element within the employee budgets for the year, for 2023/24 this equates to approximately 2.9% (£452,000) of all employee.
- 3.7. **Contract and Other Inflation** – Where applicable contract inflation has been factored into the budget reflecting the CPI /RPI as applicable up to 10%. Other areas for example where we have known inflationary pressures include insurance costs which following the recent renewal has seen increased costs of £150k representing an increase of 20% compared to the 2023/24 budget.
- 3.8. **Great Yarmouth Services** – The budget for 2024/25 reflects the accurate costing of the forecast cost of the operation plans for the provision of the following services following the change of the service delivery from 1 April 2023 when the previous joint venture with Norse for GYBS came to an end:
- Support Services
 - Street Cleansing
 - Waste Collection
 - Open Spaces
- 3.9. The base budget for 2023/24 reflected the previous partnership fee plus an allowance for inflation as the actual service costs as the breakdown of the service costs at the departmental level for the purpose of the budget was not available for the 2023/24 budget setting process. During the year to inform the budget setting process for 2024/25 there has been a full costing exercise to accurately determine the cost of the services and these are reflected in the base budget for 2024/25. There is growth in the cost of these services due to the much needed investment in equipment for the service (this is also reflected in the capital bids for 2024/25) and the impact of the pay award. The budget reflects efficiency savings to be delivered from the service for example from the communal bin rounds. In addition, a further efficiency saving of £180,000 have been factored into the budget for 2024/25.
- 3.10. GYS has now been trading for 10 months. The Company was established as a company limited by guarantee as opposed to one limited by shares and therefore has no share capital and no equity funding provided to the company. The initial 2023/24 budget was set based on the previous fee paid to GYBS Ltd (Norse) plus a percentage increase pending a full detailed review of the cost of the services provided. The cashflow for the company is facilitated through the fee that the Council pay GYS for the provision of the services which is paid monthly. The bulk cost to GYS each month is the employee cost as TUPE'd over from GYBS and

a full list of employees was provided, however whilst this was at a point in time did not reflect seasonal posts or vacancies and along with the impact of the increase in national minimum wage and pay award there is an in year forecast overspend on employee costs for the company. The profile of the payments and the income from GYBC for the provision of the services has in some months put increased pressure on the cashflow position for the company. It is therefore recommended that a cashflow facility be made available for GYS from the Council to mitigate any shortfall. This would only be a short term facility and only drawn down for cashflow purposes as required, based on forecasts this is in the region of £300k to £500k, the recommendation is that this facility is capped at £1million.

- 3.11. **Utilities** – The budget for 2024/25 reflects the latest projection for utilities that fall to the responsibility of the Council, the budget includes a part year saving from the re-negotiation of the electricity contract that will come into operation from October 2024, this will mitigate some of the significant increases to energy costs that commenced in 2023/24. The Council remains committed to review to energy usage and options available to the Council for both reduced costs and reduction in carbon.
- 3.12. Non-Service Income and Expenditure:
- 3.13. **Interest and Minimum Revenue Provision (MRP)** – The budget for 2024/25 includes £2.012 million for interest payable which has been informed by the current level of interest rates and planned borrowing requirements in line with the capital programme and the treasury management strategy. The MRP for the year has been updated to reflect a revision to the delivery of the capital programme schemes, currently forecast to be £2.279 million for the year. Where capital receipts are generated from the sale of assets, these are utilised for financing the capital programme which can reduce the interest and MRP burden to the revenue account.
- 3.14. **Long Term Plan for Towns** – In October 2023 £1.1billion was announced for 55 towns, an allocation of £20million each, including Great Yarmouth. The long term plan must be developed and submitted to DLUHC which includes a 10 year vision identifying the longer term priorities for the town and a 3 year investment plan. The £20m funding includes an allocation of revenue and capital and once the plan is agreed the revenue budget and capital programme will be updated accordingly. In the meantime the budget for 2024/25 reflects the capacity funding of £200,000 (in addition to the £50,000 received in 2023/24) that has been allocated which will be matched by related expenditure to support the development of the Log-Term Plan and assist with the community engagement.

4. RESERVES

- 4.1. The statement of general and earmarked reserves is attached at Appendix F, this details the planned use of reserves in the current and future financial years. Reserves are held and utilised in accordance with the policy framework for reserves which is attached at Appendix G.
- 4.2. The reserves have been reviewed in the current year for current commitments and outstanding balances, this has led to the re-allocation of funds to the general reserve in the current year from the collection fund compensation earmarked reserve along with some previous uncommitted sums from other earmarked reserves. This has left a higher balance in the general reserve available for funding the 2024/25 deficit. Further review of all earmarked reserves will be carried out once the 2023/24 outturn position has been finalised.
- 4.3. The balance in the general reserve at 1 April 2023 was £5,047,477 and is expected to be £4,959,029 at the end of the current year after allowing for the forecast movements in the current year.

- 4.4. The final balance will be informed by the 2023/24 outturn position to be reported later in the year. The policy framework for reserves has been reviewed and this includes the methodology for the recommended level of general reserve which is recommended to remain at £3.5million. At a time when the Council is facing significant funding gaps, the balance of the general reserve should be maintained at the current level to mitigate in year pressures and any shortfall in the delivery of planned savings.
- 4.5. The Council continues to hold a number of earmarked reserve of which the more significant are summarised below along with the current forecast balance at 31 March 2025:
- Invest to Save (£1.365million) – This reserve provides a source of funding that can be utilised for up front, one-off funding for invest to save proposals that will deliver future budget efficiencies and savings. The use of this reserve will be considered for funding business cases that come forward as part of the future budget planning;
 - Asset Management Reserve (£732k) – This reserve is held to mitigate the impact of fluctuations between financial years from income received from council assets and properties and is being used to smooth the impact to the revenue account of the costs of the Marina centre until it delivers returns to the revenue account as per the original business case.
- 4.6. The Council continues to hold a number of other earmarked reserves for specific committed purposes for which the timing of their use has not yet been identified. The current virement rules allow for the use of reserves to be approved within the overall virement limits.
- 4.7. The budget for 2024/25 is reliant on a transfer from the general reserve of **£674,911** to produce a balanced budget. This is not a sustainable position and will require early review of spending plans and income in 2024/25 including re-prioritisation of service spend in preparation for the 2025/26 budget. Whilst there are still earmarked reserves remaining **there is not sufficient capacity within the remaining general fund balance and earmarked reserves to place such continued heavy reliance on balancing the budget from reserves in the medium term.**

5. HOUSING REVENUE ACCOUNT

- 5.1. The Housing Revenue Account (HRA) is the ring-fenced account that funds the Council's activity as a landlord. The HRA records all the income and expenditure associated with the provision and management of Council owned homes in the borough. This account funds a significant range of services to 5,746 homes for Great Yarmouth Borough tenants and their families and to 382 homes for leaseholders. This includes housing management, repairs and improvements, sheltered housing services, caretaking and capital investment on housing.
- 5.2. The Council is required by law to avoid budgeting for a deficit on the HRA (Local Government and Housing Act 1989, section 76). This means that the budget must not be based on total HRA revenue reserves falling below zero. In practice the Council is expected to maintain a reasonable balance of reserves, and this provides a contingency against unforeseen events and known risks. Great Yarmouth Borough Council's HRA currently maintains a minimum balance of £2 million.
- 5.3. The 2024/25 budget for the HRA reflects the current revenue requirements for housing management and capital programme investment on housing as well as the current provision of the repairs and maintenance service via the partnership with Norse. The budget process for 2024/25 has not taken due consideration of the recent completion of HRA stock condition survey or the insourcing the repairs and maintenance service from October 2024. Once these elements are known and costed in full, the HRA 2024/25 revenue budget and capital programme will be updated.

- 5.4. The budget and forecasts presented assume additional borrowing in the medium term to support the affordable homes capital delivery programme. This includes borrowing to support match funding of Retained Right to Buy receipts as well as additional borrowing to accelerate affordable housing delivery through acquisitions and new build affordable housing projects
- 5.5. **HRA Rent Setting 2024/25**
- 5.6. Each year local housing landlords must set rents and budgets for the forthcoming financial year and provide each individual tenant with statutory notice of any proposed rent change. This report sets out proposals regarding the budget, rents, service charges and other charges to tenants for the 2024/25 rental year. The self-financing HRA remains governed by guidelines on rent setting for tenants. The council no longer has flexibility on the approach to rent setting due to the policy announced as part of the Welfare Reform and Work Act 2016.
- 5.7. The Regulator of Social Housing has published its annual rent limit guidance which confirms that the current Policy Statement applies to 2024/25 increases. That means a maximum of September CPI + 1% (7.7%) can be applied for rent increases in 2024/25. Estimated rent charges for 2024/25 on average are:

Property Type	Average weekly Rent 2023/24 (50 wk.)	Average weekly Rent 2024/25 (51 wk.)
Bedsit	£68.28	£73.86
1 Bedroom	£79.15	£85.24
2 Bedroom	£87.08	£93.79
3 Bedroom	£94.38	£101.65
4 Bedroom	£104.14	£112.16
5 Bedroom	£142.90	£153.90
>5 Bedroom	£151.44	£161.58
Average rent	£103.95	£111.74

5.8. All Affordable Rents will increase by 7.7% this year. New rents cannot exceed 80% of the applicable Open Market Rent, including service charges. To ensure that new rents are affordable whilst also supporting the viability of new schemes, during 2024/5 new rents will be set at 130% of the Local Housing Allowance rate or 80% of the Open Market Rent whichever is higher. This operational cap will be reviewed annually.

5.9. **Proposed HRA Rent Service Charges 2023/24**

5.10. The proposals in relation to service and agreement charges are set out at Appendix L. Service charges are set in accordance with the Policy Statement on Rents. Service charges for 2024/25 have been reviewed to ensure that each individual service charge element is recharged on a cost recovery basis. Appendix L includes details of the new service charges being introduced in 2024/25 reflecting the Cabinet decision on 29 January 2024 to de-pool the cost of a number of services for which no service charge currently exists. New caretaking charges are being introduced to ensure that the cost of the service charge relates to the frequency of service provided, in 2024/5 costs have moved to cost recovery.

5.11. **Housing Revenue Account Budget 2024/25 – 2028/29 and Revised Forecast 2023/24**

- 5.12. The approach to HRA budget setting focuses on three separate areas for 2024/25:
- Expected income and proposals on rent and service charge levels.
 - Expenditure plans that reflect local priorities and the impact of the self-financing business model on service delivery; and,
 - The reserves and provisions needed to ensure that the HRA is delivering strong financial performance over a longer period.
- 5.13. The HRA receives income from tenant rents and service charges levied on tenants and leaseholders. The self-financing HRA remains governed by guidelines on rent setting for tenants. Income from rents is a key driver of the total income available to the HRA, making up approximately 90% of the total income. The approach and policy for rent therefore affects the resources available to re-invest in expenditure plans across the HRA to deliver the outcomes outlined in the HRA business plan for all tenants.
- 5.14. Expectations for income, and therefore the rent budget, are driven by three key elements:
- Expected stock levels for 2024/25.
 - The CPI +1% (7.7%) increase on the 2024/25 tenant rents and,
 - The resourcing needs outlined in the HRA Business Plan
- 5.15. For 2024/25, the average stock level across Great Yarmouth Borough Council is expected to be approx. 5,719 properties. This is based on known changes to the current stock profile of 5,746, including adjustments for projected Right to Buy sales, acquisitions, and new builds.
- 5.16. The assets, capital and revenue programmes include essential capital replacements, planned cyclical decorations to the stock, damp & mould remedial works and the continuation of the compliance programme of testing and remedials of heating, lighting, lifts, smoke alarms.
- 5.17. Leasehold service charges are required to be transparent and reflect the actual cost of the services incurred. It is recommended to set leaseholder service charges in line with actual expenditure plans as per the approach in previous years.
- 5.18. The HRA currently holds a forecast 2023/24 opening reserve balance of £11 million. The HRA reserve is higher than previously forecast, this is due to specific planned budgets being carried forward to future years and programmes and not being completed at the original time anticipated.
- 5.19. The HRA 30-year business plan demonstrates how reserves are reduced and managed over the next five years within the housing major works capital programme. The recently completed stock condition survey will help inform the Capital programme of works and this will be inputted into a revised 2024/25 HRA budget along with other changes to be incorporated.
- 5.20. **Revised HRA 2023/24 position**
- 5.21. The revised 2023/24 budget reported a forecast deficit of £4.71 million at period 6. Monitoring year to date has identified that this needs to be revised to a forecast deficit of £6.01 million, a variance movement of £1.295 million. Ongoing monitoring in will continue to be made and updates to the yearend position will be updated and presented in the next budget monitoring report.
- 5.22. The £1.295 million increase to budgets includes a movement of £1.440 million of budgets to an earmarked reserve to be used in 2024/25. The breakdown of earmarked budgets includes £900k fire risk remedials, £220k capital roofing works, £150k single skin upgrades and £170k concrete improvement works. These have all been included and committed to be used in 2024/25 due to delays in procurement and programmed start of works in 2023/24.
- 5.23. The £1.295 million also includes forecast growth in repairs and maintenance and supervision and management budgets of £0.883 million. However, increases to estimated income and a

decrease of revenue funding capital, totalling of £1.028 million, have resulted in an overall £1.295 million movement.

- 5.24. Repairs and maintenance growth is due to the efficiency savings budget being reinvested to fund additional demand for example in voids, planned large repairs and other repairs budgets in year.
- 5.25. Supervision and management growth is due to an increase of agency costs to fund positions that have been unsuccessful to fill, increases in utility and associated premises costs, legal costs for disrepair claims and additional IT costs.
- 5.26. Rental income has been analysed and updated for tenant movements and additional properties added to the stock and investment income has been reviewed and increased as per increased interest rates. Revenue contribution to capital expenditure has decreased due to the estimated increase in capital receipts to be received by year end and increased borrowing in year for project spend.
- 5.27. **Proposed growth/savings in HRA Revenue 2024/25 budget**
- 5.28. The Housing Revenue Account budget for 2024/25 is a deficit position of £2.878m. This is reduction of £1.838 million compared to 2023/24 revised budget.
- 5.29. Rental and service charge income is estimated to increase by £2.798m from the recommended increase of rents by 7.7% and increases for cost recovery for service charges. Overall, due to the protection provided to existing tenants where service charges are being de-pooled or moved to cost recovery (caretaking), the split of rent and service charges changes from 2024/25 with a higher proportion of service charge income than in 2023/24.
- 5.30. Repairs and maintenance budget has increased by £2.292 million in 2024/25, compared to 2023/24 revised budget. This increase reflects various factors and changes being made within repairs and maintenance going forward. The 2023/24 efficiency target budget of £750k was a one-off saving line in 2023/24 budget and these efficiencies have been taken into consideration when setting budgets in 2024/25. Earmarked reserves budgets carried forward from 2023/24 will be used to finance committed spend in year. Detailed movements are documented in Appendix K.
- 5.31. Supervision and management increased by £0.962 million compared to 2023/24 revised budget. This includes a loss of income contribution to staff budgets which are not funded by Great Yarmouth Norse in 2024/25, increases to legal budgets for disrepair claims, increased IT costs and increases in internal support service recharges. Details movements are documented in Appendix K.
- 5.32. Non-service expenditure and income has decreased by £2.303 due to growth and savings in budgets. Interest payable has increased in line with the capital borrowing needs and pension back funding has been revised in line with actual costs in prior years. Income growth has mitigated these increases from additional grant contributions to the capital programme, reducing the need for revenue funding capital and increased investment income received. Earmarked reserves of £1.440 million funds will fund committed budgets carried forward from 2023/24.
- 5.33. **Housing Major Works Capital Programme (HMWCP) 2024/25 to 2028/29**
- 5.34. This section of the report sets out the new housing capital investment requests for the five-year period covering 2024/25 to 2028/29.
- 5.35. The HMWCP is subject to ongoing review and continues to consider: -
 - the priorities and objectives which have been derived from our understanding of the investment need of the housing stock.
 - the changing demands on the service
 - any recent & anticipated changes in legislation and regulation

- opportunities to innovate the service through digitalization and new methods of working.
 - opportunities available through external funding streams and options for procurement and delivery of our investment plans.
- 5.36. Over the coming months, there are several ongoing projects which will influence and impact on the HRA Capital Programme in 2024/25.
- Development of Housing Investment Plan setting out the HRA Capital Investment Priorities for the next 5 years
 - Stock Condition Surveys across the Council housing stock
 - Review of the Sheltered Housing Assets and required investment to deliver a modern, fit for purpose accommodation.
 - Clearing the backlog of Compliance Works in particular Fire Safety works
 - Sustainable Warmth project with the associated funding streams
 - Understanding the costs of the Middlegate Regeneration scheme
 - Insourcing repairs and maintenance service from October 2024.
- 5.37. As the above work is completed the capital programme will be reviewed and updated accordingly and a revised programme presented to Members for approval as part of the budget monitoring process.
- 5.38. All of the above projects are ongoing and will have a significant impact on the Housing HRA Capital Programme and the HRA Revenue Budget. At the time of writing this report, it is still not clear what the cost of each project will be, but this will become clearer over the next 6 months and the Capital Programme and/or revenue budget will be revised accordingly.
- 5.39. The HRA is still part of a retention agreement, to retain Right to Buy receipts to support up to 40% of the cost of replacement homes if incurred in a 5-year period. Any Retained Right to Buy Receipts not spent in the relevant period are required to be paid to Central Government.
- 5.40. The HRA proposes to increase the availability of affordable housing with a combination of direct new build, grant contributions to Housing Association developments and purchasing the appropriate empty and suitable homes on the open market, to maintain the level of spending required to meet the retained receipt demand. A total of 20 sales have predicted as part of the 2024/25 budget, in line with prior year totals.
- 5.41. The Affordable housing capital programme has been planned to ensure retained receipts are spent in line with the 5-year requirements and additional new build housing programmes take full advantage of grant funding available to increase housing stock in line with demand.
- 5.42. **Revised 2023/24 forecast position for HRA Major works Capital Programme**
- 5.43. The revised 2023/24 budget reported a forecast capital programme budget of £15.402 million at period 6. Monitoring year to date has identified that this needs to be revised to a current forecast of £15.942 million. The movement of £540k is a combination of £540k of budgets carried forward in 2024/25, a reduction in current affordable project budget of £150k and an increase in budget of £1.230 million for a new budget relating to Local Authority Housing Fund (LAHF). The LAHF project will obtain housing for those who are unable to find settled accommodation on resettlement schemes. This budget is financed from £526k of grant funding and £704k of HRA borrowing. The budget was approved July 2023. Ongoing monitoring of the capital budget will continue to be made and updates to the yearend position will be updated and presented in the next budget monitoring report.
- 5.44. **Proposed growth/savings in HRA Capital Programme 2024/25**
- 5.45. 2024/25 capital programme has increased by £959k compared to 2023/24 revised budget, totalling £16.361 million. Capital assets programme has decreased by £2.853 million. Budgets

have been planned in line with current needs and will be revised following stock condition survey information. The affordable housing programme has increased by £3.709 million and a planned scheme of works incorporating Retained Right to Buy Receipts and utilising as much grant funding as possible is being developed with additional housing being delivered as acquisitions and new builds. New budgets added in the programme include new fleet vehicles for the provision of the service following the change in the service provision and cost of the provision of communal bins, which have been added in preparation for the new in-house repairs and maintenance service and changes to proposed bin collections. Detailed capital programme is documented in Appendix M.

6. CAPITAL

- 6.1. This section of the report presents the capital budgets for consideration along with the recommended capital bids for 2024/25.
- 6.2. **Current 2023/24 Capital Programme** - Appendix H includes a summary of the 2023/24 capital programme, which has been updated for known slippage on the 2023/24 capital programme, capital projects approved as part of prior year budget setting and also where there has been approved in-year amendments to the capital programme. In year amendments to the programme have been made where schemes have now been completed or opportunities taken to re-allocate budgets within existing projects in response to increased pressure on current project budgets for example Great Yarmouth Beach huts project to facilitate the delivery of the scheme for completion in the 2024/25 year.
- 6.3. This results in a current capital budget of £31.5million, which includes £12.494million in relation to the Future High Street fund, Levelling Up fund and Town Deal projects.
- 6.4. Wintergardens – There is a separate confidential report on the agenda in relation to the status of the wintergardens project, following the outcome of this report the capital programme will need to be updated accordingly. Due to the complexities of the project and the wider ancillary elements of the project that will be linked to the project, it is recommended that the capital programme be updated to allow for a further £1million contingency within the capital programme to recognise the pressures to the capital programme.
- 6.5. The current capital projects for 2024/25 total £65.217m, this includes £40.673million Future High Street fund, Levelling Up fund and Town Deal projects. The table below provides a summary of the current capital programme along with the financing.

£000	2023-24	2024/25	2025/26	2026/27
Capital Spend	31,468	65,217	28,169	4,014
Financing:				
Borrowing	7,569	11,684	15,743	2,714
Grants and Contributions	20,087	44,803	12,425	1,300
Revenue/Earmarked Reserves	130	940	0	0
Capital receipts	3,682	7,790	0	0
Total Financing	31,468	65,217	28,169	4,014

- 6.6. **New Capital Schemes** - In addition to the update of the 2023/24 capital programme, approval is being sought for a number of new capital projects for 2024/25, and subsequent years as identified within the Capital Appendix I.
- 6.7. The appendix provides the detail of the bids summarised in the table below:

£000	2024/25	2025/26
Schemes recommended to be included in the 2024/25 programme – annual provisions	1,400	1,400
Schemes recommended to be included in the 2024/25 programme	661	379
Play works – recommended to include, but subject to the S106 approval route	285	141
Schemes recommended to include, but subject to funding being secured	170	0
Schemes recommended in principle, but further Business Cases required	846	0
Total Capital Bids	3,362	1,920
Financing:		
Borrowing	1,241	500
Capital Receipts	531	0
Grants and Contributions	1,590	1,420
Total Financing	3,362	1,920

- 6.8. **Project Management** – All capital projects should include an allowance for project management to ensure the successful delivery of the outcomes of the project. For most of the significant capital projects the project budgets allow for external project management fees. In order to provide a contingency within the capital programme for project management it is recommended that £250,000 be added to the capital contingency budget for project management costs to be drawn down subject to approval by ELT in line with the virement limits.
- 6.9. **Capital Programme Funding** - There are a number of sources of funding available to fund the capital expenditure. The following outlines those which are available to the Council:
- External Contributions or Grants – e.g. from third party organisations often used to part fund capital projects, for example the future high streets fund, town deal funding.
 - Reserves – Available capital and revenue reserves can be used to fund capital expenditure.
 - Capital Receipts – Capital receipts are generated from asset disposals and can only be used to fund capital expenditure or repay debt.
 - Borrowing – Under the Prudential Framework, the Council is able to fund expenditure from borrowing provided that they can demonstrate affordability and need. Borrowing (internal or external) to finance capital spend will attract charges to the revenue account in the form of interest and Minimum Revenue Provision (MRP) charges. The Councils capital programme is heavily reliant on borrowing as a source of funding. Where the capital programme is financed by borrowing, the revenue impact of the borrowing is taken into account and including ways to mitigate the borrowing costs for example where the capital investment will deliver a revenue income or a saving. This report is presenting for approval the Minimum Revenue Provision Statement for 2023/24 which outlines the method for calculation of the MRP, this is included at Appendix J.
- 6.10. The capital programme and the financing thereof will be subject to in year updates subject to amendments to and confirmation of funding applications that are confirmed, as these are confirmed the programme will be updated through the budget monitoring reports.

7. FUTURE FINANCIAL FORECASTS

- 7.1. At the same time as producing the budget for 2024/25, high level forecasts have been produced for the following two financial years. The table below provides a summary of the two-year position for 2024/25 to 2025/26 based on known spending pressures and assumptions of future grant and income levels.

£000	2024/25	2025/26
Net Cost of Service	15,598	15,858
Non-Service Expenditure/(Income)	1,888	3,063
Planned Contributions to/(from) reserves	(758)	(300)
Income from Grant and Taxpayers	(16,054)	(16,378)
Deficit/(Surplus)	675	2,243

- 7.2. The budget report is setting a budget for the one financial year only for 2024/25, there is great uncertainty around the future funding for Local government without clear timescales for business rates reset and fair funding review.
- 7.3. At this time there is a forecast funding gap of £2.2 million in 2025/26. This is before any new savings or additional income streams are factored into the budget and assumes inflationary increases to government grant and business rates, pending the wider review of funding reforms.
- 7.4. The current business strategy themes remain the priorities for identifying opportunities to deliver growth and ensuring that the Council's resources and assets are utilised in the most efficient way to deliver future savings and income to the Council. This will include identifying opportunities to general capital receipts to reduce future borrowing costs for funding the capital programme.
- 7.5. The timing of the announcements of the reviews of local government funding is not yet known and once further detail is announced, the Medium-Term Financial Strategy will be updated accordingly. Early work on the budget for 2025/26 will commence determine expenditure priorities and deliver additional income to deliver a balanced budget moving forward with a reduced reliance on reserves.

8. FINANCIAL IMPLICATIONS

- 8.1. The body of the report and appendices present the overall general fund budget for revenue and capital for 2024/25. For the revenue account there is a reliance on the use of reserves in the year of £and this is being funded from a re-allocation of the collection fund earmarked reserve to the general reserve.
- 8.2. The Council continues to face significant financial challenges due to the uncertainty of future funding for local government and the increase inflationary pressures that are not matched by inflationary income levels.

9. RISKS

- 9.1. The Council budget has been informed by a number of assumptions and based on information that is available, for example funding allocations. The following outlines the more significant risks that the Council continues to face in relation to its financial position.
- 9.2. **Future Funding** – The continued uncertainty of funding for local government and the lack of multi-year settlements does not support the longer-term financial planning for local authorities. The budget for 2024/25 reflects a one-year finance settlement and have been informed by announcements made in the settlement for future grant allocations. As a source of funding the New Homes Bonus current scheme is heavily skewed against those authorities

- with a higher than average number of properties in the lower council tax bands and also where there is lower levels of housing growth. Delivery of new homes growth is still important in response to demand and also the ability to grow the council tax base as a source of income.
- 9.3. **Reserves** – The clear steer from government is that local authorities should continue to use reserves to balance their budgets. This presents a risk to local authorities in that reserves can only be used once and without plans in place to replenish reserves this presents a risk to local authorities in setting sustainable budgets.
 - 9.4. **Business Rates** - Funding fluctuations from business rate income continues to be a prevalent risk of Local Government funding. The impact of appeals exacerbates this risk and applies to current and new appeals. Other factors that will lead to reductions in income include for example, business closures, successful rateable value appeals (which reduce the RV and consequently the rates payable), including the impact of back dated appeals. The NNDR provision within the system only reflects the potential impact of appeals currently in the appeals system. The budget does assume continued growth from the business rates income. The Council does hold an earmarked reserve which can mitigate the timing of fluctuations in the level of income from business rates. The further delays to the implementation of the new business rates retention scheme and the business rates reset seeks to exacerbate the risks of funding uncertainty for local government.
 - 9.5. **General Economic Climate** – The impact of the rates of inflation and interest rates are detailed within the report. Where increased costs for contracts, utilities or pay result in levels above those budgeted, corrective in-year action will need to be taken to manage the overall in-year financial position. The budget monitoring reports will proactively be flagging the overall position to the revenue account.
 - 9.6. **Capital Projects** – The Council has a number of significant capital projects at various stages of delivery a number that are being delivered with partners and funded externally. The impact of inflation has been allowed for within contingency of projects, however there always remains a risk that this is not sufficient. There remains a central contingency budget for capital projects which can be utilised to support the delivery of projects. The impact of the use of the contingency should be considered in the context of the wider capital programme and financing thereof. In the meantime, all capital projects remain under close monitoring as part of the capital programme and the individual officer and member working groups as applicable. This report is also recommending a further allocation to the capital contingency for project management for capital projects to ensure the successful delivery of the current capital programme.
 - 9.7. Each project faces a number of risks in terms of their delivery and also where they are subject to external funding it is essential that the funding conditions are met. The Council has a strong governance framework in place which can mitigate some of the project risks as well as ensuring adequate project contingency is held within project budgets. However, there will always be risks that are outside of the control of the council when managing these budgets. Reserves, both general and earmarked reserves can be used to mitigate the financial impact of this. If required, the scope of capital projects can be reviewed to reduce call on budget and minimise request for additional contingency and to mitigate the impact to the revenue account (both HRA and general fund) .
 - 9.8. Where capital projects are financed by capital receipts until the receipts are received there is always a risk that the risk will either not come into fruition or be lower than anticipated. The current and future capital receipts continue to be monitored as part of the capital financing arrangements.

- 9.9. **Interest Payable and Minimum Revenue Provision (MRP)** - The budget reflects the revenue costs of the planned borrowing and financing of the current and future capital programmes based on the forecast for interest rates. The impact of interest rate changes will have a direct impact to the revenue account for the financing of capital schemes.
- 9.10. Slippage of capital schemes will impact on the level of borrowing required along with the associated financing costs. The capital programmes have been reviewed to accurately reflect the timing of the projects, to ensure an accurate provision for MRP and interest can be made which reflects the timing of the capital spend. Approval of capital projects outside of the budget will impact on the budget and the associated financing costs and will need to be considered as part of the options appraisal and business cases presented for approval. Future increases in MRP can be mitigated by the use of capital receipts to fund capital expenditure to reduce the need to borrow, as part of the annual financing of the capital programme, the most efficient approach to financing the capital programme is taken.
- 9.11. There is a consultation currently underway on changes to statutory guidance and regulations in relation to Minimum revenue Provision. Depending on the
- 9.12. **Budgeted Income** – The revenue budget is reliant upon levels of income from a number of demand led service from sales, fees and charges, for example car parking, planning and building control and crematorium. The budgets have been informed by actuals and past performance and knowledge of current service delivery. A prudent approach has been taken for the setting of income budgets, however the actual performance will need to be monitored closely to allow any corrective actions to be taken in year if required. The fees and charges have been reviewed in the year in line with the policy which has allowed for increases in charges to mitigate some of the increased costs in the provision of services, if there is an impact on demand, then these may require further review.
- 9.13. Achievement of service income remains a financial risk that cannot be fully influenced by the Council. It is for reasons such as this that a factor in determining the recommended general reserve balance includes an amount for the sensitivity in delivery of the more significant demand-led income budgets.
- 9.14. **Commercial Property Rentals** – The Council holds a number of commercial assets for which it receives an income from licences and rentals. The budget has made some assumptions on future rentals and levels of collections, however the risk of vacancies continue to be prevalent and therefore will continue to be managed by the service and where appropriate escalation of debt recovery action for non collection.
- 9.15. **Reserves** - The Council currently holds a number of earmarked reserves which are allocated for specific purposes although the exact timing of the use of the reserve is yet to be confirmed. Use of reserves only provides a short-term solution to mitigate the forecast deficits and can also be used to mitigate the impact, if for example savings and income are not achieved as budgeted. As part of approving the annual budget Members are reminded that reserves do not provide a long-term solution for a sustainable budget position and early action in.
- 9.16. **Cost of Living - Universal Credit and Housing Benefit Subsidy** – At a time when households are faced with increasing financial pressures, this can increase the demand for support and potential impact on collection of income for example council tax. The budget reflects the funding from the Department for Work and Pensions for housing benefit administration. The Council is responsible for paying out in the region of £20 million of housing benefit and rent rebates which assumes is recovery through the subsidy system. The subsidy returns are audited annually at which point any under or over recovery will be determined and adjusted

for. Any under recovery that is not eligible for subsidy could result in a financial impact to the Council which can be mitigated through the use of the earmarked reserve.

- 9.17. **Local Council Tax Support** – The LCTS scheme continues to support those households on low income or in receipt of benefit. The impact of a greater demand for LCTS and would reduce the council tax collectable in the year and consequentially increase the deficit on the collection fund which will then need to be recovered in future years.

10. CONCLUSIONS

- 10.1. The Council must present for approval a balanced budget each year. The budget as presented is reliant on the use of reserves. This is not a sustainable position in the long term and whilst this is in line with announcements made alongside the provisional settlement, in that local Authorities should be expected to use reserves to balance budgets, this does not address the significant disparities between individual authorities and the circumstances facing them that will impact their ability to raise funding locally for example from council tax and new homes bonus.
- 10.2. The budget report is presented to Scrutiny ahead of consideration by Cabinet for recommendation to Council on 22 February to inform the setting of the council tax for 2024/25. The report and appendices presents the detailed budget considerations for 2024/25.
- 10.3. The report presents a budget for 2024/25 only but does flag a funding gap of £2.2million in 2025/26 for which early work will commence on addressing this gap in 2024/25.

11. BACKGROUND PAPERS

- 11.1. The following reports and announcements have been used to inform the budget report as presented:

- 2022/23 Outturn report
- 2023/24 in year financial monitoring reports
- Provisional Local Government Finance Settlement
- Medium Term Financial Strategy
- National Non-Domestic Rates Return
- Financial monitoring.

Area for consideration Comment	Comment
Monitoring Officer Consultation	
Section 151 Officer Consultation	Report Author
Existing Council Policies See background papers	
Financial Implications Within existing budgets	Included in the report
Legal Implications (including human rights)	
Risk Implications	Included in the report
Equality Issues/EQIA assessment	
Details contained in strategy	
Crime & Disorder	n/a
Every Child Matters	n/a

General Fund Summary	Original 2023/24 Budget	2023/24 updated Forecast	2024/25 Budget
	£	£	£
Services:			
Executive and Resources	5,268,983	5,227,124	5,804,322
Inward Investment	536,846	739,995	132,635
Housing	865,775	1,225,931	1,189,581
Health, Integration & Communities	546,606	339,097	696,284
Planning and Growth	655,600	856,076	612,601
Customer Services	(286,675)	(416,572)	(88,952)
Property and Asset Management	424,967	809,501	228,302
Communications and Marketing	660,056	512,299	599,146
Environmental Services	6,256,528	6,306,176	6,629,163
Savings/Costs to be allocated to service	(163,600)	0	(205,000)
Net Cost of Service	14,765,086	15,599,627	15,598,082
Non Service Exp/(Income):			
Recharges to HRA	(1,701,263)	(2,118,673)	(2,570,268)
Parish Precepts	671,572	671,572	775,700
Parish CTSS Grant	0	0	0
Capital Charges	(1,506,384)	(1,506,384)	(1,677,650)
Revenue Financing for Capital	50,000	50,000	0
Interest Receivable	(474,906)	(344,906)	(765,800)
Interest Payable	1,821,000	1,586,000	2,012,000
Minimum Revenue Provision	2,129,843	2,032,856	2,279,000
Pension Back Funding	2,224,021	2,224,021	2,227,221
Accounting Adjustments	0	0	0
Vacancy Management	(452,000)	0	(452,000)
Apprenticeship Levy	58,539	58,539	60,194
Contingency	0	0	0
Sub total - Non Service Exp/Inc	2,820,422	2,653,025	1,888,397
Net Operating Expenditure	17,585,508	18,252,652	17,486,479
Contributions to/(from) Reserves:			
Restricted use grant	(52,000)	(57,000)	(22,000)
Invest to Save	(49,747)	(159,867)	0
Specific budget	(62,967)	(62,967)	(389,924)
Waste management	(2,420)	(2,420)	0
Community Housing	(30,000)	(30,000)	0
Planning Delivery	0	(76,770)	0
Special Projects Reserve	(35,000)	(20,000)	(10,000)
Homelessness	(642,323)	(438,011)	0
Asset Management	(247,745)	(438,745)	(289,500)
Other Reserves	(22,472)	(224,103)	(46,103)
Sub Total Earmarked Reserves	(1,144,674)	(1,509,883)	(757,527)
Amount to be met from Government Grant and Local Taxpayers	16,440,834	16,742,769	16,728,952
Collection Fund - Parishes	(671,572)	(671,572)	(775,700)
Collection Fund - Borough	(5,417,359)	(5,417,359)	(5,715,589)
Retained Business Rates	(6,065,000)	(6,065,000)	(6,268,000)
Revenue Support Grant	(2,537,824)	(2,537,824)	(2,705,919)
New Homes Bonus	(187,081)	(187,081)	(479,391)
Other Grants	(418,496)	(418,496)	(109,442)
Income from Grant and Taxpayers	(15,297,331)	(15,297,332)	(16,054,041)
(Surplus)/Deficit before use of reserves	1,143,503	1,445,437	674,911
Reallocation from Earmarked Reserves in 23/24		(1,356,956)	
General Fund (Surplus)/Deficit		88,481	

	Original 2023/24 Budget	2023/24 Forecast	2024/25 Budget	Variance 23/24 Base Budget to 24/25 Base Budget	Comments
Executive and Resources:					
Equinox					
Employee	64,708	64,708	75,886	11,178	Equinox Officer budget fully recovered by Service Level Agreement with both companies Equinox Enterprises Ltd and Equinox Property Holdings Ltd.
Premises	0	0	0	0	
Transport	963	963	963	0	
Supplies & Services	20,076	20,076	156	(19,920)	Budget reduced as most costs now being paid directly from Equinox Enterprises Ltd.
Income	(132,000)	(132,000)	(128,404)	3,596	Service Level Agreement updated in line with increased costs.
	<u>(46,253)</u>	<u>(46,253)</u>	<u>(51,399)</u>	<u>(5,146)</u>	
GYS Company					
Employee	0	0	111,412	111,412	Cost of Managing Director of GYS transferred from waste management service in 2024/25 budget.
Premises	0	0	0	0	
Transport	0	0	0	0	
Supplies & Services	30,636	30,636	0	(30,636)	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	25,000	24,320	152,310	127,310	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(470,000)	(470,000)	(533,000)	(63,000)	This covers the SLA for the provision of support services to the company (includes finance, HR, ICT and systems provision) and the estimated lease payments for assets leased to the company. This is offset by costs within services and non service expenditure.
	<u>(414,364)</u>	<u>(415,044)</u>	<u>(269,278)</u>	<u>145,086</u>	
Corporate Costs					
Transport	500	500	250	(250)	
Supplies & Services	195,650	195,650	226,270	30,620	Increase in External Audit fees.
Support Services - Recharges Out	(385,250)	(383,850)	(462,570)	(77,320)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis
Support Services - Recharges In	189,120	187,690	236,060	46,940	year on year.
Income	0	0	0	0	
	<u>20</u>	<u>(10)</u>	<u>10</u>	<u>(10)</u>	
Executive Team					
Employee	776,225	765,640	889,793	113,568	Increases due to pay awards and increment and structural changes from posts previously included in other services.
Premises	0	0	0	0	
Transport	5,000	5,000	6,100	1,100	
Supplies & Services	7,869	7,869	8,266	397	
Support Services - Recharges Out	(1,123,370)	(1,114,300)	(1,102,720)	20,650	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis
Support Services - Recharges In	334,290	335,790	300,070	(34,220)	year on year.
Income	0	0	(101,500)	(101,500)	Recharge of salary cost to capital.
	<u>14</u>	<u>(1)</u>	<u>9</u>	<u>(4)</u>	

	Original 2023/24 Budget	2023/24 Forecast	2024/25 Budget	Variance 23/24 Base Budget to 24/25 Base Budget	Comments
Finance					
Employee	842,575	816,818	1,042,508	199,933	Increase due to pay awards and increments and new roles within the team to support the increased work as a result of GYN coming in house (£101k) which are recharged in full to the Housing Revenue Account.
Premises	0	0	0	0	
Transport	0	0	1,000	1,000	
Supplies & Services	269,409	269,408	213,436	(55,973)	Procurement contract costs moved to sit within Corporate Strategy rather than Finance. Reduction in IT software costs.
Support Services	115,000	115,000	115,000	0	
Capital Charges	0	0	0	0	
Support Services - Recharges Out	(1,736,860)	(1,689,790)	(1,946,626)	(209,766)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis
Support Services - Recharges In	517,360	496,060	582,190	64,830	year on year.
Income	(7,500)	(7,500)	(7,500)	0	
	(16)	(4)	8	24	
ICT					
Employee	495,618	481,730	524,279	28,661	Increases due to pay awards and increments.
Premises	6,079	3,510	4,175	(1,904)	
Transport	0	0	0	0	
Supplies & Services	398,505	398,505	387,517	(10,988)	Inflationary increase on annual software maintenance costs.
Third Party Payments	456,956	456,956	560,000	103,044	Shared service contract fee increases.
Transfer Payments	0	0	0	0	
Support Services	0	0	0	0	
Capital Charges	107,504	107,504	107,504	0	
Support Services - Recharges Out	(1,614,300)	(1,596,120)	(1,684,540)	(70,240)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis
Support Services - Recharges In	149,630	147,920	101,060	(48,570)	year on year.
Income	0	0	0	0	
	(8)	5	(5)	4	
Corporate Strategy					
Employee	104,369	100,203	98,053	(6,316)	
Premises	0	0	0	0	
Transport	200	200	50	(150)	
Supplies & Services	4,333	4,333	86,770	82,436	Procurement contract costs transferred to Corporate strategy from Finance and increased costs from change in provider.
Support Services - Recharges Out	(148,370)	(143,970)	(209,940)	(61,570)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis
Support Services - Recharges In	39,470	39,230	25,080	(14,390)	year on year.
Income	0	0	0	0	
	2	(4)	13	10	

	Original 2023/24 Budget	2023/24 Forecast	2024/25 Budget	Variance 23/24 Base Budget to 24/25 Base Budget	Comments
Member Services					
Employee	188,125	195,570	164,567	(23,558)	Review of service structure.
Premises	0	0	0	0	
Transport	2,100	2,100	1,100	(1,000)	
Supplies & Services	343,666	343,666	410,602	66,936	Increase due to pay awards for members in line with staff increase and impact from 2023/24.
Support Services - Recharges Out	(653,620)	(659,950)	(669,860)	(16,240)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis
Support Services - Recharges In	119,730	118,610	93,590	(26,140)	year on year.
Income	0	0	0	0	
	1	(4)	(1)	(2)	
Elections					
Employee	171,807	172,029	242,782	70,975	Increase in casual staff costs to facilitate Parliamentary and Norfolk Police & Crime Commissioners (PCC) elections in 2024/25.
Premises	0	0	0	0	
Transport	500	500	1,250	750	
Supplies & Services	143,294	143,294	221,944	78,650	Costs for holding the Parliamentary and PCC elections in 2024/25.
Support Services - Recharges In	58,710	57,880	88,380	29,670	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis
					year on year.
Income	(25,211)	(30,711)	(292,700)	(267,489)	Recovery of the costs incurred for the 2024/25 elections. Any budget underspend will be added to the Elections reserve to cover unfunded elections.
	349,100	342,992	261,656	(87,444)	
Human Resources					
Employee	508,273	521,211	666,306	158,033	Increase due to pay awards and increments and new roles within the team to support the increased work as a result of GYN coming in house (£101k) which are recharged in full to the Housing Revenue Account.
Premises	0	0	0	0	
Transport	1,000	1,000	1,000	0	
Supplies & Services	130,937	130,937	112,940	(17,997)	Reduction in IT Software costs.
Support Services - Recharges Out	(782,780)	(794,940)	(891,086)	(108,306)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis
					year on year.
Support Services - Recharges In	142,570	141,790	110,840	(31,730)	
Income	0	0	0	0	
	(0)	(2)	0	0	
Legal					
Supplies & Services	91,912	91,912	95,151	3,239	
Third Party Payments	454,907	454,907	525,398	70,491	Legal costs increase to the bencrease in the hourly rate for core services.
Support Services - Recharges Out	(533,580)	(533,260)	(632,780)	(99,200)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis
					year on year.
Support Services - Recharges In	21,760	21,440	47,230	25,470	
Income	(35,000)	(35,000)	(35,000)	0	
	(1)	(1)	(1)	0	

	Original 2023/24 Budget	2023/24 Forecast	2024/25 Budget	Variance 23/24 Base Budget to 24/25 Base Budget	Comments
COVID-19 costs					
Employee	0	420,222	0	0	
Premises	0	0	0	0	
Transport	0	7,500	0	0	
Supplies & Services	0	647,185	0	0	
Income	0	(1,074,907)	0	0	
	0	0	0	0	
Total Executive and Resources:	(111,507)	(118,326)	(58,989)	52,518	
Total Executive and Resources excluding capital charges & recharges:	5,161,479	5,119,620	5,696,818	535,339	
Total Executive and Resources excluding recharges:	5,268,983	5,227,124	5,804,322	535,339	
<u>Inward Investment</u>					
Projects and Programmes					
Employee	110,523	106,357	153,054	42,531	Budget updated to reflect no recharge to capital programmes and the movement of project manager from Project management Office.
Premises	0	0	0	0	
Transport	886	886	963	77	
Supplies & Services	2,206	2,206	1,815	(391)	
Support Services - Recharges Out	(74,550)	(74,550)	(82,800)	(8,250)	
Support Services - Recharges In	402,110	392,990	367,280	(34,830)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0	
	441,175	427,889	440,312	(863)	
Project Management Office					
Employee	82,361	183,885	143,254	60,893	Reduction in budget due to movement of Project manager to Projects and Programmes team.
Premises	0	0	0	0	
Transport	614	614	963	349	
Supplies & Services	1,188	1,188	1,571	383	
Support Services - Recharges In	83,200	82,250	27,090	(56,110)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0	
	167,363	267,937	172,878	5,515	

	Original 2023/24 Budget	2023/24 Forecast	2024/25 Budget	Variance 23/24 Base Budget to 24/25 Base Budget	Comments
Towns Fund					
Supplies & Services	0	27,800	200,000	200,000	Spend for the new Long Term Plans Towns Capacity Funding as per below.
Income	0	(11,220)	(200,000)	(200,000)	New funding in 2024/25 for Long Term Plans Towns Capacity Funding.
	0	16,580	0	0	
Levelling Up Fund					
Supplies & Services	0	79,910	0	0	
Income	0	(70,000)	0	0	
	0	9,910	0	0	
Offshore Wind Project					
Employee	55,081	53,692	0	(55,081)	Project ending March 2024.
Supplies & Services	44,919	44,919	0	(44,919)	Project ending March 2024.
Income	(100,000)	(100,000)	0	100,000	Project ending March 2024.
	0	(1,389)	0	0	
Winter Programme					
Employee	0	0	0	0	
Premises	45,000	45,000	45,000	0	
Income	(45,000)	(45,000)	(45,000)	0	
	0	0	0	0	
Culture and Leisure					
Employee	0	86,264	102,879	102,879	New posts fully funded by the UK Shared Prosperity Fund (UKSPF) project.
Supplies & Services	242,159	165,751	452,575	210,416	Budget increased with the UKSPF project, which is fully funded.
Third Party Payments	59,761	59,761	41,400	(18,361)	Reduction in Service Level Agreements paid to external partners.
Support Services - Recharges In	66,660	65,950	56,200	(10,460)	
Income	(173,115)	(149,081)	(520,324)	(347,209)	UKSPF Funding received, offset by planned spend in the year.
	195,465	228,645	132,730	(62,735)	
Conservation					
Employee	169,937	157,900	112,549	(57,388)	Budget reduced following transfer of post to Planning & Growth service.
Premises	87,590	127,983	31,229	(56,362)	Reduction in expenditure due to specific projects finishing in March 2024.
Transport	200	200	0	(200)	
Supplies & Services	47,936	526,320	57,149	9,213	
Third Party Payments	0	0	0	0	
Transfer Payments	75,536	75,536	0	(75,536)	Reduction in expenditure due to specific projects finishing in March 2024.
Support Services	0	0	0	0	
Capital Charges	25,408	25,408	25,408	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	44,990	43,360	41,140	(3,850)	
Income	(106,718)	(634,942)	(86,576)	20,142	Income updated for the end of specific project grants and secondment of Conservation Officer role to Great Yarmouth Preservation Trust.
	344,879	321,765	180,899	(163,980)	

	Original 2023/24 Budget	2023/24 Forecast	2024/25 Budget	Variance 23/24 Base Budget to 24/25 Base Budget	Comments
Indoor Leisure - Phoenix Pool and Marina Centre					
Employee	61,941	60,552	4,852	(57,089)	Reduction to budget in line with review of service and savings delivery.
Premises	41,013	47,922	46,500	5,487	
Transport	0	963	0	0	
Supplies & Services	6,372	11,033	6,698	325	
Third Party Payments	56,696	56,696	54,292	(2,404)	
Transfer Payments	0	64,668	0	0	
Support Services	0	0	0	0	
Capital Charges	86,348	86,348	86,348	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	112,020	110,310	53,740	(58,280)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(211,780)	(216,530)	(444,381)	(232,601)	Budget aligned with new leisure contract with Freedom Leisure and estimated income to be received.
	<u>152,610</u>	<u>221,962</u>	<u>(191,951)</u>	<u>(344,561)</u>	
Enterprise Zone					
Supplies & Services	648,180	648,180	780,000	131,820	Increased costs able to be incurred for Enterprise Zone projects due to increase in funding available from Enterprise Zone business rates, as per income below.
Income	(780,000)	(780,000)	(920,000)	(140,000)	Increased business rates anticipated from the Enterprise Zones (South Denes and Beacon Park) within the borough.
	<u>(131,820)</u>	<u>(131,820)</u>	<u>(140,000)</u>	<u>(8,180)</u>	
Economic Development					
Employee	117,022	114,244	121,061	4,039	
Premises	0	0	0	0	
Transport	0	0	0	0	
Supplies & Services	1,604	1,604	1,606	2	
Support Services - Recharges In	128,460	127,340	178,620	50,160	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(117,022)	(117,022)	(122,250)	(5,228)	
	<u>130,064</u>	<u>126,166</u>	<u>179,037</u>	<u>48,973</u>	
Total Inward Investment:	1,299,736	1,487,645	773,905	(525,832)	
Total Inward Investment excluding capital charges & recharges:	425,090	628,239	20,879	(404,212)	
Total Inward Investment excluding recharges:	536,846	739,995	132,635	(404,212)	

	Original 2023/24 Budget	2023/24 Forecast	2024/25 Budget	Variance 23/24 Base Budget to 24/25 Base Budget	Comments
Housing:					
Housing Needs					
Employee	1,429,858	1,377,918	1,497,162	67,304	Increase due to estimated pay awards and increments in 2024/25.
Premises	285,924	429,924	798,000	512,076	Increase in costs for new leased temporary accommodation to reduce the reliance on costly bed and breakfast accommodation and provide for increased demand on the service. Some of these increased costs are covered by funding and others will be recovered via recharging service charges to tenants (recovery largely via housing benefit payments).
Transport	1,000	1,000	1,500	500	
Supplies & Services	266,714	831,714	416,910	150,196	Inflationary cost increases for services and increased anticipated demand on the homelessness service.
Capital Charges	18,137	18,137	18,137	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	428,120	410,610	203,050	(225,070)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(1,441,172)	(1,730,162)	(1,777,856)	(336,684)	Increased funding for increased costs noted above. However, the funding is not anticipated to be reflective of the increased demand on/ use of the service.
	<u>988,580</u>	<u>1,339,141</u>	<u>1,156,903</u>	<u>168,322</u>	
Gapton Hall Site					
Employee	71,435	68,657	35,750	(35,685)	Removal of vacant post.
Premises	125,632	125,632	98,156	(27,476)	Anticipated reduction in repairs and maintenance costs as major capital works are due to occur.
Transport	50	50	50	0	
Supplies & Services	13,050	13,050	4,600	(8,450)	
Capital Charges	0	0	23,859	23,859	Depreciation charge for the site had previously been charged to housing strategy due to when the site first came back to GYBC. Moved here as it is more appropriate to show the costs for the site here.
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	80,480	77,320	73,610	(6,870)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(123,483)	(123,483)	(117,160)	6,323	
	<u>167,164</u>	<u>161,226</u>	<u>118,865</u>	<u>(48,299)</u>	
Housing Strategy					
Employee	190,073	184,935	183,974	(6,099)	
Premises	(0)	0	(0)	(0)	
Transport	250	250	550	300	
Supplies & Services	4,450	4,450	5,950	1,500	
Capital Charges	23,859	23,859	0	(23,859)	Depreciation charge for Gapton Hall has been moved to sit within the Gapton Hall area.
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	85,230	83,940	86,920	1,690	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0	
	<u>303,861</u>	<u>297,434</u>	<u>277,393</u>	<u>(26,468)</u>	

	Original 2023/24 Budget	2023/24 Forecast	2024/25 Budget	Variance 23/24 Base Budget to 24/25 Base Budget	Comments
Total Housing:	1,459,605	1,797,801	1,553,161	93,556	
Total Housing excluding capital charges & recharges:	823,779	1,183,935	1,147,585	323,806	
Total Housing excluding recharges:	865,775	1,225,931	1,189,581	323,806	

Health, Integration & Communities

Better Care Fund

Employee	416,801	402,069	505,667	88,866	Increase in budget for the pay award increases and review of the resourcing of the service since 2023/24 budget was set.
Premises	0	0	0	0	
Transport	7,500	7,500	7,500	0	
Supplies & Services	62,513	62,513	31,787	(30,726)	Mainly due to costs being reallocated to other housing areas but also reduction in budgets required identified.
Third Party Payments	0	0	0	0	
Transfer Payments	6,000	6,000	5,000	(1,000)	
Support Services - Recharges In	124,120	122,490	44,710	(79,410)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(415,266)	(415,266)	(442,316)	(27,050)	Recovery of staff costs for work on capital works on Disabled Facilities Grants.
	<u>201,668</u>	<u>185,306</u>	<u>152,348</u>	<u>(49,320)</u>	

CCTV

Employee	0	0	0	0	
Premises	4,000	4,000	4,000	0	
Transport	0	0	0	0	
Supplies & Services	110,476	110,476	122,800	12,324	Increase to Gorleston and Great Yarmouth CCTV Maintenance Grants
Capital Charges	35,967	35,967	35,967	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	25,220	25,090	21,950	(3,270)	
Income	(4,000)	(4,000)	(4,000)	0	
	<u>171,663</u>	<u>171,533</u>	<u>180,717</u>	<u>9,054</u>	

Neighbourhood Management

Employee	439,322	274,046	567,760	128,438	Additional grant funded roles.
Premises	10,508	10,507	15,026	4,518	
Transport	500	500	1,000	500	
Supplies & Services	76,023	82,523	75,330	(693)	
Third Party Payments	0	0	0	0	
Transfer Payments	112,937	160,937	89,466	(23,471)	Delivery of Spirit of 2012 project, grant funded expenditure.
Support Services - Recharges Out	0	0	0	0	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	66,220	63,160	80,570	14,350	
Income	(316,675)	(398,675)	(318,703)	(2,028)	New funding for additional roles.
	<u>388,835</u>	<u>192,998</u>	<u>510,449</u>	<u>121,614</u>	

Original 2023/24 Budget	2023/24 Forecast	2024/25 Budget	Variance 23/24 Base Budget to 24/25 Base Budget	Comments
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Total Health, Integration & Communities:

	762,166	549,837	843,514	81,348
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Total Health, Integration & Communities excluding capital charges & recharges:

	510,639	303,130	660,317	149,678
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Total Health, Integration & Communities excluding recharges:

	546,606	339,097	696,284	149,678
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Planning and Growth:**Building Control**

Employee	267,184	209,040	193,782	(73,402)	Removal of vacant post.
Premises	1,677	5,677	1,677	0	
Transport	10,000	10,000	10,000	0	
Supplies & Services	29,950	81,150	23,870	(6,080)	
Support Services - Recharges In	82,960	81,100	95,270	12,310	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(248,100)	(187,600)	(175,873)	72,227	Established trend of declining business over recent years due to turnaround times and more LLC1 only searches which are less expensive at only £15. Current downturn in the housing market has reduced numbers so expectation of reduced income on 23/24.
	143,671	199,367	148,727	5,055	

Planning Business Support

Employee	153,344	108,420	120,227	(33,117)	Team restructured including removal of post.
Support Services - Recharges In	58,660	58,340	61,610	2,950	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0	
	212,004	166,760	181,837	(30,167)	

Development Control

Employee	677,512	703,518	638,805	(38,708)	Removal of posts.
Premises	0	0	0	0	
Transport	7,500	7,500	7,500	0	
Supplies & Services	32,175	40,475	75,486	43,311	Costs of working on pre-planning agreements. But cost nets to offset by increased income as per below.
Support Services - Recharges Out	(70,320)	(70,320)	(77,240)	(6,920)	
Support Services - Recharges In	283,920	282,950	350,960	67,040	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(597,450)	(488,700)	(643,000)	(45,550)	New income from working on pre-planning agreements (offset by increased costs incurred above for processing the agreements) and planning fee increases.
	333,337	475,423	352,510	19,173	

	Original 2023/24 Budget	2023/24 Forecast	2024/25 Budget	Variance 23/24 Base Budget to 24/25 Base Budget	Comments
Land Charges					
Supplies & Services	13,198	14,332	13,778	580	
Third Party Payments	36,291	36,291	19,187	(17,104)	Forecast reduction in land search fees from service analysis undertaken.
Support Services - Recharges In	33,540	32,840	37,630	4,090	
Income	(148,126)	(108,126)	(109,488)	38,638	Based on analysis of Service over last 3 years. Established trend of loss of business over recent years due to turnaround times and more LLC1 only searches which are only £15. In addition current downturn in the housing market has reduced numbers so not expecting to get the same income as previous years.
	<u>(65,097)</u>	<u>(24,663)</u>	<u>(38,893)</u>	<u>26,203</u>	
Strategic Planning					
Employee	321,518	329,173	378,726	57,208	£56K in budget to be transferred from RPCO - for Conservation Office post.
Premises	0	0	0	0	
Transport	1,000	1,000	700	(300)	
Supplies & Services	112,144	108,144	72,985	(39,159)	Application of New burdens grant expenditure (from earmarked reserves) and forecast reduction in IT software costs.
Transfer Payments	6,500	6,500	6,500	0	
Support Services	0	0	0	0	
Capital Charges	1,582	1,582	1,582	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	87,640	85,720	129,500	41,860	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(22,300)	(22,300)	(23,843)	(1,543)	
	<u>508,083</u>	<u>509,819</u>	<u>566,150</u>	<u>58,067</u>	
Total Planning and Growth:	<u>1,132,000</u>	<u>1,326,706</u>	<u>1,210,331</u>	<u>78,331</u>	
Total Planning and Growth excluding capital charges & recharges:	<u>654,018</u>	<u>854,494</u>	<u>611,019</u>	<u>(42,999)</u>	
Total Planning and Growth excluding recharges:	<u>655,600</u>	<u>856,076</u>	<u>612,601</u>	<u>(42,999)</u>	
Customer Services:					
Benefits					
Employee	629,349	605,554	667,237	37,888	Increases due to pay awards and increments.
Transport	1,200	1,200	1,200	0	
Supplies & Services	131,316	131,314	97,215	(34,101)	Open Revenues contract and E-benefits program in 2023/24 was a one-off.
Transfer Payments	19,890,200	19,045,200	20,181,700	291,500	Budget revised based on current year actuals offset with reduction in income.
Support Services - Recharges Out	(265,153)	(265,153)	(287,116)	(21,964)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis
Support Services - Recharges In	510,280	491,270	539,990	29,710	year on year.
Income	(20,577,086)	(19,740,786)	(20,781,904)	(204,818)	Housing Benefit Administration Subsidy allocation methodology has changed resulting in less funding of approximately £50k, remaining variance due to benefits claim income reduction offset with expenditure.
	<u>320,107</u>	<u>268,599</u>	<u>418,322</u>	<u>98,215</u>	

	Original 2023/24 Budget	2023/24 Forecast	2024/25 Budget	Variance 23/24 Base Budget to 24/25 Base Budget	Comments
Crematorium and Cemeteries					
Employee	238,620	229,942	265,278	26,658	Increases due to pay awards and increments
Premises	648,323	654,324	938,815	290,492	Primarily due to GYS maintenance contract increase
Transport	750	750	1,602	852	
Supplies & Services	139,306	143,306	167,341	28,034	Increase in budget for resale items, offset with income generation.
Third Party Payments	34,074	34,074	34,074	0	
Transfer Payments	0	0	0	0	
Support Services	0	0	0	0	
Capital Charges	70,543	70,543	70,543	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	208,220	199,540	236,880	28,660	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(1,643,501)	(1,613,500)	(1,699,001)	(55,500)	Income increased in line with current demand and fee levels.
	<u>(303,664)</u>	<u>(281,021)</u>	<u>15,532</u>	<u>319,196</u>	
Crematorium tearoom					
Employee	67,531	70,641	81,159	13,628	Increases due to inflation and increments.
Premises	14,783	9,783	12,601	(2,182)	
Transport	0	0	0	0	
Supplies & Services	31,569	14,469	17,805	(13,764)	Catering expenditure updated in line with income levels - expected 75% gross profit margin.
Capital Charges	31,336	31,336	31,336	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	61,910	58,980	77,130	15,220	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(113,882)	(91,782)	(113,882)	0	
	<u>93,247</u>	<u>93,427</u>	<u>106,149</u>	<u>12,902</u>	
Customer Services					
Employee	684,073	642,134	680,709	(3,364)	
Premises	0	0	0	0	
Transport	250	250	250	0	
Supplies & Services	11,930	11,930	27,545	15,615	Qflow system not budgeted for in prior years.
Support Services - Recharges Out	(1,283,650)	(1,216,980)	(1,362,930)	(79,280)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	587,390	562,670	654,430	67,040	
Income	0	0	0	0	
	<u>(7)</u>	<u>4</u>	<u>4</u>	<u>11</u>	

	Original 2023/24 Budget	2023/24 Forecast	2024/25 Budget	Variance 23/24 Base Budget to 24/25 Base Budget	Comments
Support Services					
Employee	174,303	171,515	153,847	(20,456)	Reduction due review of resourcing of the service.
Premises	0	0	0	0	
Transport	0	0	0	0	
Supplies & Services	36,652	37,651	31,954	(4,698)	
Capital Charges	2,985	2,985	2,985	0	
Support Services - Recharges Out	(302,300)	(299,370)	(302,880)	(580)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis
Support Services - Recharges In	88,350	87,220	114,100	25,750	year on year.
Income	0	0	0	0	
	(10)	1	6	16	
Car Parks					
Employee	460,118	439,090	482,654	22,536	Increases due to pay awards and increments.
Premises	355,526	339,027	345,694	(9,832)	
Transport	21,651	21,650	16,275	(5,376)	
Supplies & Services	121,081	131,082	128,837	7,756	
Third Party Payments	0	0	0	0	
Transfer Payments	339,186	349,186	290,157	(49,029)	Profit share payments reduced inline with expected reduction in income (primarily on-street parking).
Support Services	0	0	0	0	
Capital Charges	46,827	46,827	46,827	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	314,620	303,220	308,110	(6,510)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis
					year on year.
Income	(2,631,843)	(2,644,091)	(2,747,522)	(115,679)	Additional income from fee increases and income generation schemes actioned in 2425.
	(972,834)	(1,014,009)	(1,128,968)	(156,134)	
Revenues					
Employee	849,251	790,921	893,678	44,427	Increases due to pay awards and increments and one role covered by external funding.
Premises	0	0	0	0	
Transport	2,000	2,000	2,000	0	
Supplies & Services	221,212	221,211	182,941	(38,271)	Open Revenues contract and E-benefits program in 23/24 was a one-off.
Third Party Payments	0	0	0	0	
Transfer Payments	100	100	100	0	
Support Services	20,000	20,000	18,000	(2,000)	
Capital Charges	0	0	0	0	
Support Services - Recharges Out	(505,100)	(446,770)	(486,500)	18,600	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis
Support Services - Recharges In	1,026,800	978,790	1,090,010	63,210	year on year.
Income	(596,408)	(596,408)	(619,001)	(22,593)	Additional income generation in 2024/25.
	1,017,855	969,844	1,081,228	63,373	

	Original 2023/24 Budget	2023/24 Forecast	2024/25 Budget	Variance 23/24 Base Budget to 24/25 Base Budget	Comments
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Total Customer Services:	154,693	36,845	492,271	337,579	
Total Customer Services excluding capital charges & recharges:	(438,366)	(568,263)	(240,643)	197,723	
Total Customer Services excluding recharges:	(286,675)	(416,572)	(88,952)	197,723	

Property and Asset Management:

Property Building Services

Employee	0	0	0	0	
Premises	493,081	497,081	499,267	6,186	
Income	0	(10,000)	0	0	
	<u>493,081</u>	<u>487,081</u>	<u>499,267</u>	<u>6,186</u>	

Town Hall

Employee	0	0	0	0	
Premises	247,945	247,945	208,286	(39,659)	Updated budget for utilities (gas and electricity) including the impact of new electricity contract reducing charges by 10% over year.
Transport	0	0	0	0	
Supplies & Services	4,512	4,511	1,622	(2,890)	
Capital Charges	15,821	15,821	15,821	0	
Support Services - Recharges Out	(351,490)	(346,220)	(328,220)	23,270	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	83,220	77,940	102,500	19,280	
Income	0	0	0	0	
	<u>7</u>	<u>(3)</u>	<u>8</u>	<u>1</u>	

Greyfriars House

Employee	0	0	0	0	
Premises	157,708	142,707	108,448	(49,260)	Lower electricity prices through impact of new contract reducing charges by 10% over year.
Capital Charges	7,710	7,710	7,710	0	
Support Services - Recharges Out	(235,310)	(215,370)	0	235,310	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	69,900	64,960	50,490	(19,410)	
Income	0	0	0	0	
	<u>8</u>	<u>7</u>	<u>166,648</u>	<u>166,640</u>	

	Original 2023/24 Budget	2023/24 Forecast	2024/25 Budget	Variance 23/24 Base Budget to 24/25 Base Budget	Comments
Maritime House					
Employee	0	0	0	0	
Premises	24,205	27,206	9,922	(14,283)	£10k in assumed savings in on-going maintenance and operational costs (rates) due to sale of building.
Transport	0	0	0	0	
Supplies & Services	2,559	2,559	497	(2,061)	
Capital Charges	4,560	4,560	4,560	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	14,700	14,390	16,150	1,450	
Income	(4,000)	0	(4,000)	0	Expectation that building sale will yield new income letting opportunities in-year.
	<u>42,024</u>	<u>48,715</u>	<u>27,129</u>	<u>(14,895)</u>	
Catalyst Centre					
Employee	0	0	0	0	
Premises	83,229	58,230	58,197	(25,032)	Utility budgets reduced in line with actuals 23/24 and new contract prices.
Transport	0	0	0	0	
Supplies & Services	836	836	919	84	
Capital Charges	3,797	3,797	3,797	0	
Support Services - Recharges Out	(162,020)	(131,960)	(81,080)	80,940	
Support Services - Recharges In	74,160	69,100	18,170	(55,990)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0	
	<u>2</u>	<u>3</u>	<u>4</u>	<u>1</u>	
Public Toilets					
Employee	0	0	0	0	
Premises	240,208	242,513	245,272	5,063	
Transport	0	0	0	0	
Supplies & Services	8,886	8,886	9,290	404	
Capital Charges	153,447	153,447	153,447	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	39,470	38,260	59,840	20,370	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	(2,305)	0	0	
	<u>442,012</u>	<u>440,801</u>	<u>467,849</u>	<u>25,837</u>	
Repairs and Maintenance					
Premises	133	133	137	4	
Supplies & Services	10,456	10,456	11,502	1,046	
Capital Charges	205,389	205,389	205,389	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	84,950	81,800	115,830	30,880	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(97,572)	(97,572)	(97,572)	0	
	<u>203,356</u>	<u>200,206</u>	<u>235,286</u>	<u>31,930</u>	

	Original 2023/24 Budget	2023/24 Forecast	2024/25 Budget	Variance 23/24 Base Budget to 24/25 Base Budget	Comments
Footway Lighting					
Employee	0	0	0	0	
Premises	130,459	197,959	239,946	109,487	£115k extra in base for electricity costs based on 23/24 forecast and allowing for potential in-year saving
Transport	0	0	0	0	
Supplies & Services	13,390	13,390	14,566	1,176	
Capital Charges	69,718	69,718	69,718	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	92,500	89,150	41,340	(51,160)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0	
	<u>306,067</u>	<u>370,217</u>	<u>365,570</u>	<u>59,503</u>	
Coast Protection					
Employee	209,383	205,328	278,560	69,177	Additional posts paid for by external funding, as per income below.
Premises	44,689	44,689	45,000	311	
Transport	3,250	6,250	5,000	1,750	
Supplies & Services	67,943	67,943	70,738	2,795	
Capital Charges	362,693	362,693	362,693	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	75,560	73,900	97,310	21,750	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(154,853)	(159,353)	(225,829)	(70,976)	Funding to cover posts and related costs.
	<u>608,665</u>	<u>601,450</u>	<u>633,472</u>	<u>24,807</u>	
Beach Huts					
Employee	28,374	29,448	30,315	1,941	
Premises	8,153	5,103	8,198	44	
Supplies & Services	5,558	5,558	5,888	330	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	41,740	40,170	48,260	6,520	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(79,335)	(76,285)	(152,220)	(72,885)	Based on part-year implementation of rentals from June.
	<u>4,490</u>	<u>3,994</u>	<u>(59,559)</u>	<u>(64,050)</u>	
Community Centres					
Employee	0	0	0	0	
Premises	5,442	10,443	10,787	5,344	
Capital Charges	25,213	25,213	25,213	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	28,820	27,830	40,450	11,630	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(1,774)	(3,774)	(1,774)	0	
	<u>57,701</u>	<u>59,712</u>	<u>74,676</u>	<u>16,974</u>	

	Original 2023/24 Budget	2023/24 Forecast	2024/25 Budget	Variance 23/24 Base Budget to 24/25 Base Budget	Comments
Easter Fayre					
Employee	0	0	0	0	
Premises	0	0	0	0	
Transport	0	0	0	0	
Supplies & Services	20,371	22,371	21,795	1,425	
Support Services - Recharges In	6,770	6,610	28,640	21,870	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(20,371)	(13,871)	(20,371)	0	
	<u>6,770</u>	<u>15,110</u>	<u>30,064</u>	<u>23,295</u>	
Markets					
Employee	80,374	79,595	84,858	4,485	
Premises	212,166	213,341	539,131	326,965	Budget reflects updated operational plans for the street cleansing service provided by GYS.
Transport	250	250	250	0	
Supplies & Services	23,317	20,966	27,681	4,364	
Capital Charges	4,820	4,820	4,820	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	79,080	70,530	96,770	17,690	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(185,769)	(174,769)	(185,769)	0	
	<u>214,238</u>	<u>214,733</u>	<u>567,742</u>	<u>353,503</u>	
37-39 Market Place (Palmers)					
Employee	0	0	0	0	
Premises	42,992	110,273	1,460	(41,532)	Building will be fully let out to tenants with any building operating costs fully covered by service charges to primary and sub tenants.
Support Services - Recharges In	7,710	7,500	30,410	22,700	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0	Recovery of service charges from tenants.
	<u>50,702</u>	<u>117,773</u>	<u>31,870</u>	<u>(18,832)</u>	
Brett's					
Employee	0	0	0	0	
Premises	49,549	49,549	21,336	(28,213)	GYBC lets out property to several tenants and this reduction in utility budget reflects residual share of cost applicable to GYBC only.
Transport	0	0	0	0	
Supplies & Services	6,576	6,576	6,576	0	
Support Services - Recharges In	11,390	11,060	12,340	950	
Income	(52,101)	(52,101)	(52,101)	0	
	<u>15,414</u>	<u>15,084</u>	<u>(11,849)</u>	<u>(27,263)</u>	

	Original 2023/24 Budget	2023/24 Forecast	2024/25 Budget	Variance 23/24 Base Budget to 24/25 Base Budget	Comments
Courts					
Employee	0	0	0	0	
Premises	20,093	20,093	24,032	3,939	
Support Services - Recharges In	15,400	15,030	13,810	(1,590)	
Income	(14,300)	(14,300)	(14,300)	0	
	<u>21,193</u>	<u>20,823</u>	<u>23,542</u>	<u>2,349</u>	
South Denes Energy Park					
Employee	0	0	0	0	
Premises	5,455	5,455	5,741	286	
Support Services - Recharges In	35,720	34,470	26,910	(8,810)	
Income	(8,004)	(8,004)	(8,004)	0	
	<u>33,171</u>	<u>31,921</u>	<u>24,647</u>	<u>(8,524)</u>	
Factory Units					
Employee	0	0	0	0	
Premises	17,774	24,275	16,907	(868)	
Transport	0	0	0	0	
Supplies & Services	2,190	2,190	2,409	219	
Support Services - Recharges In	29,070	27,430	28,950	(120)	
Income	(113,337)	(106,687)	(113,337)	0	
	<u>(64,303)</u>	<u>(52,792)</u>	<u>(65,072)</u>	<u>(769)</u>	
Corporate Estates					
Employee	10	10	11	1	
Premises	450,726	450,728	299,006	(151,719)	GYS budget now allocated to services as per the updated operational plans resulted in £247k re-allocated. Also includes growth for utility costs and rates.
Transport	0	0	0	0	
Supplies & Services	32,263	32,264	34,142	1,878	
Capital Charges	34,945	34,945	34,945	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	634,430	613,020	337,760	(296,670)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(2,500,903)	(2,245,903)	(2,653,662)	(152,759)	Estimated additional income from rental reviews and renewals, general inflationary uplift and new rental income source form Novus Centre.
	<u>(1,348,529)</u>	<u>(1,114,936)</u>	<u>(1,947,799)</u>	<u>(599,269)</u>	
Waterways					
Employee	0	0	0	0	
Premises	13,480	30,730	16,128	2,648	
Supplies & Services	2,669	0	2,669	0	
Support Services - Recharges In	25,980	25,260	11,290	(14,690)	
Income	(1,000)	0	(1,000)	0	
	<u>41,129</u>	<u>55,990</u>	<u>29,087</u>	<u>(12,042)</u>	

	Original 2023/24 Budget	2023/24 Forecast	2024/25 Budget	Variance 23/24 Base Budget to 24/25 Base Budget	Comments
Minerva House					
Employee	0	0	0	0	
Premises	9,730	9,730	9,730	0	
Transport	0	0	0	0	
Supplies & Services	1,364	1,364	1,364	0	
Support Services - Recharges In	7,880	7,770	8,080	200	
Income	(66,118)	(86,743)	(66,118)	0	
	<u>(47,144)</u>	<u>(67,879)</u>	<u>(46,944)</u>	<u>200</u>	
Onians					
Employee	0	0	0	0	
Premises	481	480	109	(372)	
Transport	0	0	0	0	
Supplies & Services	1,000	1,000	1,000	0	
Support Services - Recharges In	12,020	11,710	9,530	(2,490)	
Income	(9,900)	(5,400)	(9,900)	0	
	<u>3,601</u>	<u>7,790</u>	<u>739</u>	<u>(2,862)</u>	
Property Services					
Employee	980,796	953,584	1,070,614	89,818	Property Systems & Performance Manager moved to Property services from Housing Revenue Account.
Premises	6,179	6,179	6,179	0	
Transport	6,100	6,100	6,100	0	
Supplies & Services	39,782	39,783	44,735	4,953	
Support Services - Recharges Out	(1,046,650)	(1,008,470)	(1,177,820)	(131,170)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis
Support Services - Recharges In	307,100	296,150	301,730	(5,370)	year on year.
Income	(293,317)	(293,317)	(251,535)	41,782	Revised budget to reflect reduction in property services recharges to capital projects.
	<u>(10)</u>	<u>9</u>	<u>3</u>	<u>13</u>	
Preliminary Densification Costs					
Employee	0	0	0	0	
Premises	81,000	7,000	0	(81,000)	Estimated costs for project related costs assumed to be offset by income.
Transport	0	0	0	0	
Supplies & Services	5,000	0	0	(5,000)	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	2,400	2,400	0	(2,400)	
Income	(86,000)	0	0	86,000	Estimated income recovering costs of the project.
	<u>2,400</u>	<u>9,400</u>	<u>0</u>	<u>(2,400)</u>	
Novus centre					
Employee	0	0	0	0	
Premises	44,761	68,648	26,403	(18,358)	Budget now updated to reflected the costs of this administration building.
Support Services - Recharges In	2,400	2,400	115,830	113,430	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis
					year on year.
Income	(41,867)	(40,000)	0	41,867	Recovery of increased costs from tenants no longer due.
	<u>5,294</u>	<u>31,048</u>	<u>142,233</u>	<u>136,939</u>	

	Original 2023/24 Budget	2023/24 Forecast	2024/25 Budget	Variance 23/24 Base Budget to 24/25 Base Budget	Comments
Gorleston Splash Pad					
Employee	14,183	14,720	14,158	(25)	
Premises	13,337	12,337	435	(12,902)	Reduction in both repairs and maintenance and other operational costs given minimal spend in 23/24 relative to budgets.
Support Services - Recharges In	10,660	10,230	61,130	50,470	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0	
	<u>38,180</u>	<u>37,287</u>	<u>75,723</u>	<u>37,543</u>	
Beacon Park					
Employee	0	0	0	0	
Premises	177,451	147,450	159,810	(17,641)	Reduction in utility cost budget.
Transport	0	0	0	0	
Supplies & Services	59,450	46,950	59,450	0	
Capital Charges	167,469	167,469	167,469	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	55,840	53,970	33,860	(21,980)	
Income	(1,111,362)	(1,068,862)	(1,336,362)	(225,000)	Full year impact of an increase in rental income identified.
	<u>(651,152)</u>	<u>(653,023)</u>	<u>(915,773)</u>	<u>(264,621)</u>	
Total Property and Asset Management:					
	<u>478,367</u>	<u>880,521</u>	<u>348,562</u>	<u>(129,805)</u>	
Total Property and Asset Management excluding capital charges & recharges:					
	<u>(630,615)</u>	<u>(246,081)</u>	<u>(827,280)</u>	<u>(196,665)</u>	
Total Property and Asset Management excluding recharges:					
	<u>424,967</u>	<u>809,501</u>	<u>228,302</u>	<u>(196,665)</u>	
Communications and Marketing:					
Communications					
Employee	185,898	181,732	189,272	3,374	
Premises	0	0	0	0	
Transport	1,500	1,500	1,500	0	
Supplies & Services	13,670	19,170	12,654	(1,016)	
Support Services - Recharges Out	(208,090)	(209,150)	(221,160)	(13,070)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	32,540	32,270	41,250	8,710	
Income	(25,520)	(25,520)	(23,520)	2,000	
	<u>(2)</u>	<u>2</u>	<u>(4)</u>	<u>(2)</u>	

	Original 2023/24 Budget	2023/24 Forecast	2024/25 Budget	Variance 23/24 Base Budget to 24/25 Base Budget	Comments
Events					
Employee	36,133	34,744	80,947	44,814	Post moved from Tourism service.
Premises	1,500	1,500	1,500	0	
Transport	0	0	0	0	
Supplies & Services	77,022	78,022	29,944	(47,078)	Wheels Festival no longer going to be funded by the Council.
Support Services - Recharges In	174,710	164,050	168,260	(6,450)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(117,973)	(117,973)	(75,443)	42,530	Reduction in income from the Wheels Festival, in line with fall of costs noted above.
	<u>171,392</u>	<u>160,343</u>	<u>205,208</u>	<u>33,816</u>	
Mayor					
Supplies & Services	11,075	10,544	10,544	(531)	
Support Services - Recharges In	15,350	15,340	16,620	1,270	
Income	0	0	0	0	
	<u>26,425</u>	<u>25,884</u>	<u>27,164</u>	<u>739</u>	
Tourism					
Employee	38,712	0	0	(38,712)	Post moved to the Events service.
Premises	2,360	2,360	2,596	236	
Transport	0	0	0	0	
Supplies & Services	12,005	12,006	7,910	(4,095)	
Support Services - Recharges In	299,500	252,190	174,110	(125,390)	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	1	0	1	0	
	<u>352,578</u>	<u>266,556</u>	<u>184,617</u>	<u>(167,961)</u>	
Civic and Portering					
Employee	179,508	172,714	136,788	(42,720)	Vacant post removed from the establishment.
Premises	1,500	1,500	1,500	0	
Transport	12,593	12,593	12,697	105	
Supplies & Services	18,458	18,459	18,652	193	
Support Services - Recharges Out	(405,990)	(374,780)	(316,110)	89,880	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Support Services - Recharges In	196,930	172,520	146,480	(50,450)	
Income	(3,000)	(3,000)	0	3,000	
	<u>(1)</u>	<u>6</u>	<u>7</u>	<u>8</u>	

	Original 2023/24 Budget	2023/24 Forecast	2024/25 Budget	Variance 23/24 Base Budget to 24/25 Base Budget	Comments
Print and Design					
Employee	191,998	103,618	206,439	14,441	Re-allocation of posts within the service.
Premises	0	0	0	0	
Transport	200	0	200	0	
Supplies & Services	57,815	16,030	47,899	(9,917)	
Support Services - Recharges Out	(316,500)	(212,570)	(290,940)	25,560	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis
Support Services - Recharges In	101,880	100,620	99,330	(2,550)	year on year.
Income	(35,400)	(7,700)	(62,934)	(27,535)	Increase in income from external works for print.
	(6)	(2)	(6)	(0)	
Total Communications and Marketing:	550,386	452,789	416,986	(133,400)	
Total Communications and Marketing excluding capital charges & recharges:	660,056	512,299	599,146	(60,910)	
Total Communications and Marketing excluding recharges:	660,056	512,299	599,146	(60,910)	
<u>Environmental Services:</u>					
Environmental Health					
Employee	1,418,211	1,409,543	1,565,083	146,872	Additional posts paid for by external funding, as per income below.
Premises	265,862	265,862	5,000	(260,862)	GYS contract reallocated as part of 2024/25 budget setting.
Transport	40,542	39,223	41,204	662	
Supplies & Services	228,952	349,773	245,723	16,771	Innovate project general costs fully grant funded, partly off-set by savings from cessation of pest-control service provided by GYS and hospital funerals.
Third Party Payments	10,000	10,000	10,000	0	
Transfer Payments	303,908	303,908	306,062	2,154	Inflation increase on drainage board levy updated for 23/24 actuals.
Support Services	0	0	0	0	
Capital Charges	10,168	10,168	10,168	0	
Support Services - Recharges Out	(69,580)	(69,580)	(75,110)	(5,530)	
Support Services - Recharges In	431,380	422,670	526,070	94,690	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(106,851)	(177,552)	(248,375)	(141,524)	Grant funding for innovate project. Covers all project costs in year including establishment, mileage and mobile phones.
	2,532,592	2,564,015	2,385,824	(146,767)	
Selective Licensing					
Employee	57,502	56,377	25,678	(31,824)	Funding fully utilised from earmarked reserves in 2024/25 so cost reflects cost of post for part of the year.
Supplies & Services	5,821	5,821	4	(5,817)	
Income	0	0	0	0	
	63,323	62,198	25,682	(37,640)	

	Original 2023/24 Budget	2023/24 Forecast	Variance 23/24 Base		Comments
			2024/25 Budget	Budget to 24/25 Base Budget	
Grounds Maintenance					
Employee	0	0	0	0	
Premises	636,739	636,463	999,046	362,307	GYS contract reallocated as part of 2024/25 budget setting but increase also due to increase in GYS contract fee.
Transport	0	0	0	0	
Supplies & Services	32,468	29,399	33,909	1,441	
Third Party Payments	9,240	9,240	0	(9,240)	
Transfer Payments	0	0	0	0	
Support Services	0	0	0	0	
Capital Charges	75,485	75,485	75,485	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	23,460	22,450	37,200	13,740	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(54,945)	(54,945)	(59,576)	(4,631)	
	<u>722,447</u>	<u>718,092</u>	<u>1,086,064</u>	<u>363,617</u>	
Street Cleansing					
Employee	0	0	0	0	
Premises	690,685	696,685	995,990	305,305	GYS contract reallocated as part of 2024/25 budget setting but increase also due to increase in GYS contract fee.
Transport	0	0	0	0	
Supplies & Services	0	0	0	0	
Third Party Payments	378	378	368	(10)	
Support Services - Recharges In	16,800	16,720	15,230	(1,570)	
Income	0	0	0	0	
	<u>707,863</u>	<u>713,783</u>	<u>1,011,588</u>	<u>303,725</u>	
Grounds and Parks					
Employee	0	0	0	0	
Premises	114,278	125,609	124,197	9,920	
Transport	0	0	0	0	
Supplies & Services	7,408	6,334	10,651	3,242	
Third Party Payments	90,285	90,285	0	(90,285)	Concurrent Function Grants offered as a saving.
Transfer Payments	0	0	0	0	
Support Services	0	0	0	0	
Capital Charges	3,411	3,411	3,411	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	35,270	34,400	51,710	16,440	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	0	0	0	0	
	<u>250,652</u>	<u>260,039</u>	<u>189,969</u>	<u>(60,683)</u>	

	Original 2023/24 Budget	2023/24 Forecast	2024/25 Budget	Variance 23/24 Base Budget to 24/25 Base Budget	Comments
Outdoor Sports					
Employee	0	0	0	0	
Premises	475,317	482,021	533,148	57,831	GYS contract reallocated as part of 2024/25 budget setting but increase also due to increase in GYS contract fee.
Transport	0	0	0	0	
Supplies & Services	8,202	7,292	4,542	(3,659)	
Capital Charges	62,458	62,458	62,458	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	49,080	47,660	59,480	10,400	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(102,166)	(99,366)	(116,339)	(14,172)	Increases in fees and charges for sites.
	<u>492,891</u>	<u>500,065</u>	<u>543,291</u>	<u>50,400</u>	
Licensing					
Employee	210,526	203,550	209,135	(1,391)	
Premises	3,859	3,859	3,589	(270)	
Transport	400	2,400	3,400	3,000	
Supplies & Services	38,477	37,477	29,731	(8,747)	
Support Services - Recharges In	212,690	209,330	293,040	80,350	Recharges vary due to changes in the net cost of service being recharged and because of changes in the apportionment basis year on year.
Income	(311,229)	(311,230)	(299,226)	12,003	Budget reflects charges forecast for 3 year Hackney cab licenses.
	<u>154,723</u>	<u>145,386</u>	<u>239,669</u>	<u>84,946</u>	
Waste Management					
Employee	108,649	107,260	0	(108,649)	Cost of Managing Director of GYS transferred to GYS company analysis for 2024/25 budget.
Premises	(0)	0	(0)	(0)	
Transport	1,100	1,100	1,100	0	
Supplies & Services	762,205	869,605	843,687	81,482	Increase in gate fees estimated by Waste and Environment Protection Manager.
Third Party Payments	2,631,379	2,636,879	2,884,428	253,049	GYS contract reallocated as part of 2024/25 budget setting but increase also due to increase in GYS contract fee.
Transfer Payments	0	0	0	0	
Support Services	0	0	0	0	
Capital Charges	20,050	20,050	20,050	0	
Support Services - Recharges Out	0	0	0	0	
Support Services - Recharges In	149,050	147,310	116,290	(32,760)	
Income	(1,492,246)	(1,608,646)	(1,694,570)	(202,324)	Increase in green waste disposal license scheme and recycling credits income anticipated.
	<u>2,180,187</u>	<u>2,173,558</u>	<u>2,170,986</u>	<u>(9,202)</u>	
Total Environmental Services:	<u>7,104,678</u>	<u>7,137,136</u>	<u>7,653,073</u>	<u>548,395</u>	
Total Environmental Services excluding capital charges & recharges:	<u>6,084,956</u>	<u>6,134,604</u>	<u>6,457,591</u>	<u>372,635</u>	
Total Environmental Services excluding recharges:	<u>6,256,528</u>	<u>6,306,176</u>	<u>6,629,163</u>	<u>372,635</u>	

	Original 2023/24 Budget	2023/24 Forecast	2024/25 Budget	Variance 23/24 Base Budget to 24/25 Base Budget	Comments
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Total for Services:	12,830,123	13,550,954	13,232,814	402,691	
Total for Services excluding capital charges & recharges:	13,251,036	13,921,977	14,125,432	874,396	
Total for Services excluding recharges:	14,928,686	15,599,627	15,803,082	874,396	

General Fund 2024/25 Budget - Expenditure Type Analysis

General Fund Expenditure Type	2023/24 Forecast	2023/24 Budget	2024/25 Budget
Employee	14,460,821	14,559,113	15,691,508
Premises	6,682,285	6,398,581	7,563,675
Transport	143,492	131,548	135,216
Supplies & Services	7,579,707	5,626,310	6,377,920
Third Party Payments	3,845,467	3,839,968	4,129,147
Transfer Payments	20,012,035	20,734,367	20,878,985
Support Services	135,000	135,000	133,000
Capital Charges	1,677,650	1,677,650	1,677,650
Support Services - Recharges Out	(11,857,423)	(12,274,833)	(12,690,028)
Support Services - Recharges In	9,808,750	10,176,270	10,119,760
Income	(38,728,970)	(38,173,850)	(40,784,020)
Savings/Costs to be allocated to service		(163,600)	(205,000)
	13,758,814	12,666,524	13,027,814

Council Tax Summary 2024/25

	2023/24 Actual	Actual 2024/25 2.99% Increase		
			Movement £	Movement %
Demand on Collection Fund (excluding Parish/Town Precepts)	£ 5,417,359	£ 5,715,589	£298,230	5.51%
Borough Council Tax at Band D	£ 181.48	£ 186.90	£5.42	
Net Borough Council Tax at Band D	£ 181.48	£ 186.90	£ 5.42	2.99%
Value of Precepts*	£ 671,572	£775,700	£104,128	15.51%
Effect of Parish/Town Precepts	£ 22.50	25.37	£2.87	12.74%
Billed Borough Council Tax at Band D	£ 203.98	£ 212.27	£ 8.29	4.06%

* At the time of reporting 2 parish precepts outstanding, 2023/24 amounts included.

Tax Base 29,851 30,581 Assuming CTS scheme approved
Tax Base Movement (from 2023/24) 730 Increase

Note: The Tax Base for 2024/25 is 30,581 (2023/24 29,851) so each £30,581 change in net expenditure has £1.00 effect on Council Tax at Band D.

Area		Heading 1	Heading 2	2023/24	2024/25	% increase	Reason
Car Parking	Customer Services	Middlegate Car Park	Monday to Sunday (8am to 9pm)	£1.20	£1.50	25.0%	Increase to bring in line with other car parks
	Customer Services	Gorleston High Street	90 minutes (8am - 4pm)	n/a	£1.60	NEW	Offer a 90 min rate for £1.50 instead of hourly rate (align to Town Centre Car Parks but with no 30 min rate)
Car Parking	Customer Services	Gorleston High Street	2 hrs	n/a	£2.20	NEW	Offer a 90 min rate for £1.50 instead of hourly rate (align to Town Centre Car Parks but with no 30 min rate)
	Customer Services	Brush Quay, Gorleston Long Stay: 9am to 5pm Monday to Sunday		n/a	£4.50	NEW	Introduction of charging April to September, 9am to 5pm daily
	Customer Services	Up to 4 hours (1 April to 30 September)		n/a	£9.00	NEW	Introduction of charging April to September, 9am to 5pm daily
	Customer Services	Over 4 hours (1 April to 30 September)		n/a	£24.70	NEW	Introduction of charging April to September, 9am to 5pm daily
	Customer Services	Resident passes per quarter (April to September)		n/a	£24.70	NEW	Introduction of charging April to September, 9am to 5pm daily
	Customer Services	Resident passes per quarter (April to September)		n/a	£24.70	NEW	Introduction of charging April to September, 9am to 5pm daily
Crematorium and Memorial	Customer Services	Visual tributes	Visual Tribute Family Video File as part of slide show	£0.00	£20.00	NEW	New Fee
	Customer Services	Visual tributes	Visual Tribute Family Video File as part of slide show	£0.00	£20.00	NEW	New Fee
Env Serv	Food Hygiene Inspections	Food mentoring visit	Maximum 2 hours	n/a	£220.00	NEW	New Fee, saving approved
Planning - Review of the fees charges being charged to reflect the provision of the service							
Planning	High Hedges	Pre-submission Advice - Site visit to confirm whether meets definition of a high hedge (charge per hour or part thereof)		n/a	£25 Admin fee + Hourly rate(s)*	NEW	Used to be site visit at £60.
Planning	Pre-Application Fees	All other planning advice (falling outside the other categories identified in this schedule)		n/a	Hourly rate(s)*	NEW	New provision to allow for cost recovery on work required for proposals falling outside the other categories identified
Planning	Pre-Application Fees	Site visit (Set charge for 1 officer for 2 hours inc travel)		n/a	£125.00	NEW	New fee. Fixed at a level to cover assumed cost of 1 officer for 2 hour visit inclusive of travel and associated expenses.
Planning	Pre-Application Fees	Pre-Submission Validation check		n/a	£40.00	NEW	New fee for new enhanced service offer. Provision to allow applicant to have application pack checked prior to submission. Assumes 1 hour of input.
Planning	Pre-Application Fees	Meeting (Administration fee) plus Hourly rate(s)		n/a	£25 + Hourly rate(s)*	NEW	New fee. Administration charge to cover meeting setup and then cost recovery for attendees.
Planning	Minor Residential Development	Written Advice (inclusive of site visit) - 1 dwelling		n/a	£380.00	NEW	Amendment to fee approach to be variable to increase proportionately to the scale of development.
Planning	Minor Residential Development	Written Advice - Each additional dwelling (max 9)		n/a	£75.00	NEW	Price per additional unit to reflect in increase in work required as schemes increase in scale.
Planning	Minor Residential Development	Site Meeting (Administration fee and travel) plus Hourly rate(s)		n/a	£25 + Hourly rate(s)*	NEW	New fee. Administration charge to cover travel planning and normal expenses, and then cost recovery for attendees.
Planning	Minor Residential Development	Meeting (Administration fee) plus Hourly rate(s)		n/a	£25 + Hourly rate(s)*	NEW	New fee. Administration charge to cover meeting setup and then cost recovery for attendees.
Planning	Minor Residential Development	Pre-Submission Validation check		n/a	£80.00	NEW	New fee for new enhanced service offer. Provision to allow applicant to have application pack checked prior to submission. Assumes 2 hours of input.
Planning	Medium Residential Development	Written Advice (inclusive of site visit) - 10 dwellings		n/a	£1,500.00	NEW	Amendment to fee approach to be variable to increase proportionately to the scale of development.
Planning	Medium Residential Development	Written Advice - Each additional dwelling (max 49)		n/a	£75.00	NEW	Price per additional unit to reflect in increase in work required as schemes increase in scale.
Planning	Medium Residential Development	Site Meeting (Administration fee and travel) plus Hourly rate(s)		n/a	£25 + Hourly rate(s)*	NEW	New fee. Administration charge to cover travel planning and normal expenses, and then cost recovery for attendees.
Planning	Medium Residential Development	Meeting (Administration fee) plus Hourly rate(s)		n/a	£25 + Hourly rate(s)*	NEW	New fee. Administration charge to cover meeting setup and then cost recovery for attendees.

	Area	Heading 1	Heading 2	2023/24	2024/25	% increase	Reason
Planning	Planning	Medium Residential Development	Pre-Submission Validation check	n/a	£160.00	NEW	New fee for new enhanced service offer. Provision to allow applicant to have application pack checked prior to submission. Assumes multiple officers or senior officer input.
	Planning	Major Residential Development	Written Advice (inclusive of site visit) - 50 dwellings or more	n/a	£5,000.00	NEW	Amendment to fee approach to be variable to increase proportionately to the scale of development.
	Planning	Major Residential Development	Written Advice - Each additional dwelling	n/a	£25.00	NEW	Price per additional unit to reflect in increase in work required as schemes increase in scale.
	Planning	Major Residential Development	Site Meeting (Administration fee and travel) plus Hourly rate(s)	n/a	£25 + Hourly rate(s)*	NEW	New fee. Administration charge to cover travel planning and normal expenses, and then cost recovery for attendees.
	Planning	Major Residential Development	Meeting (Administration fee) plus Hourly rate(s)	n/a	£25 + Hourly rate(s)*	NEW	New fee. Administration charge to cover meeting setup and then cost recovery for attendees.
	Planning	Major Residential Development	Pre-Submission Validation check	n/a	£360.00	NEW	New fee for new enhanced service offer. Provision to allow applicant to have application pack checked prior to submission. Assumes multiple officers or senior officer input.
	Planning	Non-Residential Development	Site Meeting (Administration fee and travel) plus Hourly rate(s)	n/a	£25 + Hourly rate(s)	NEW	New fee. Administration charge to cover travel planning and normal expenses, and then cost recovery for attendees.
	Planning	Non-Residential Development	Meeting (Administration fee) plus Hourly rate(s)	n/a	£25 + Hourly rate(s)*	NEW	New fee. Administration charge to cover meeting setup and then cost recovery for attendees.
	Planning	Non-Residential Development	Pre-Submission Validation check - Non-residential development less than 100sqm net internal floorspace	n/a	£80.00	NEW	New fee for new enhanced service offer. Provision to allow applicant to have application pack checked prior to submission. Assumes 2 hours of input.
	Planning	Non-Residential Development	Pre-Submission Validation check - Non-residential development less than 999sqm net internal floorspace	n/a	£160.00	NEW	New fee for new enhanced service offer. Provision to allow applicant to have application pack checked prior to submission. Assumes multiple officers or senior officer input.
	Planning	Non-Residential Development	Pre-Submission Validation check - Non-residential development more than 10,000sqm net internal floorspace	n/a	£360.00	NEW	New fee for new enhanced service offer. Provision to allow applicant to have application pack checked prior to submission. Assumes multiple officers or senior officer input.
	Planning	Hourly Rates*	Planning Technician	n/a	£40.00	NEW	Cost to recruit Agency support to provide service
	Planning	Hourly Rates*	Planning Officer	n/a	£60.00	NEW	Cost to recruit Agency support to provide service
	Planning	Hourly Rates*	Senior Planning Officer	n/a	£80.00	NEW	Cost to recruit Agency support to provide service
	Planning	Hourly Rates*	Principal Planning Officer	n/a	£100.00	NEW	Cost to recruit Agency support to provide service
	Planning	Hourly Rates*	Development Manager / Strategic Planning Manager	n/a	£120.00	NEW	Cost to recruit Agency support to provide service
	Planning	Hourly Rates*	Head of Planning	n/a	£150.00	NEW	Cost to recruit Agency support to provide service
	Planning	Planning Performance Agreements	Hourly rates for anticipated officer input	n/a	Hourly rate(s)*	NEW	Cost recovery
	Planning	Planning Performance Agreements	Set-up fee	n/a	£500.00	NEW	Cover administration costs of negotiating/setting up new PPA.
	Planning	Planning enforcement	Written confirmation of closure of enforcement case where it was found not expedient to take action (available for a 12-month period following closure of the case)	n/a	£80.00	NEW	Cover officer cost to research and provide written response.
Planning	Planning enforcement	Written confirmation that an Enforcement Notice has been complied with	n/a	£200.00	NEW	Cover officer cost in re-assessing the need for the enforcement notice to remain.	
Planning	Planning enforcement	Request to withdraw enforcement notice	n/a	£200.00	NEW	Cover officer cost to research and provide written response.	

Area	Heading 1	Heading 2	2023/24	2024/25	% increase	Reason
Planning	S106 Monitoring Fees	Negotiated fee based on - £500 per obligation/clause that requires the Council to either: receive a financial contribution, assess and/or agree a submission or any other activity requiring the input of Council officers.	n/a	Price on application	NEW	To cover the administration costs involved in the monitoring of S106 legal agreements. Bespoke charge to reflect the individual nature of agreements and the monitoring burden they will represent to the Council.
Planning	Administration fees	All non-major applications with no planning officer input	n/a	£50.00	NEW	Retain proportion of refunded fees to cover administration time incurred in assessing and returning submission.
Planning	Administration fees	Major applications and/or applications where officer input had been required	n/a	£100.00	NEW	Retain proportion of refunded fees to cover administration time incurred in assessing and returning submission.

Fees and Charges - New and above policy

Town Centre Car Parks	April to October	November to March
	Full Day	Full Day
King Street & Market Place	£480.00	£370.00
Brewery Plain, George Street & Stonecutters Way	£100.00	£100.00
Fuller Hill	£200.00	£100.00

Min charge applies of £100 for full day
Min charge applies

Other Car Parks	April to October	November to March
	Full Day	Full Day
Beach Road Caister	£ 140.00	Licence fee
Gorleston High Street, Blackfriars rd, Middlegate	£ 100.00	£ 100.00

Min fee applies (permission from preservation trust where required)

Seafront Short Stay Car parks	April, May, June	July, August	September, October	November to March*
	Full day	Full day	Full day	Full day
Anchor Gardens	£300.00	£500.00	£250.00	£100.00
Euston Road	£900.00	£1,600.00	£750.00	£100.00
Jetty North	£540.00	£910.00	£280.00	£114.00
Jetty South	£300.00	£560.00	£230.00	£100.00

Min charge applies
Min charge applies
Min charge applies

* Where Easter falls in March the rates April to June will be applied

Seafront Long Stay Car Parks	April, May, June	July, August	September, October	November to March*
	Full day	Full day	Full day	Full day
North Drive	£850.00	£1,900.00	£580.00	£110.00
St Nicholas	£1,300.00	£3,000.00	£850.00	£110.00
Sandown Road (Lorry)	£100.00	£130.00	£100.00	£100.00
Sandown Road (Car)	£180.00	£580.00	£150.00	£100.00
Marina Centre	£750.00	£1,200.00	£750.00	£160.00

* Where Easter falls in March the rates April to June will be applied

EVENTS ON COUNCIL LAND

Application Fees				
<i>Application fees are in addition to the site fee and are non-refundable payable on submitting event notification on Council land</i>				
	Small Events (up to 500)	Medium Events (501-2999)	Major Events (3000+)	Promotional Stands
Commercial (Organiser charging entry fee)	£60.00	£75.00	£115.00	£60.00
Commercial (Event is free entry)	£60.00	£75.00	£115.00	£60.00
Charity (National)	£60.00	£75.00	£115.00	£60.00
Charity (Local)	£30.00	£40.00	£60.00	£30.00

CATEGORY A SITE FEE	Great Yarmouth Seafront, Town Centre & St Georges Park (Hire Charge per Day)			
Event Organiser Category	Small Events (up to 500)	Medium Events (501-2999)	Major Events (3000+)	Promotional Stands
Commercial (Organiser charging entry fee)	£350.00	£700.00	On Application	n/a
Commercial (Event is free)	£300.00	£600.00	On Application	£40 per sq m
Charity (National)	£175.00	£350.00	£700.00	£25 per sq m
Charity (local)	No Charge	No Charge	No Charge	No Charge
Note build & break down days 50% of the above				

CATEGORY B SITE FEE	Gorleston Seafront area, all other parks & council open space within the borough (Hire Charge per day)			
Event Organiser Category	Small Events (up to 500)	Medium Events (501-2999)	Major Events (3000+)	Promotional Stands
Commercial (Organiser charging entry fee)	£300.00	£650.00	On Application	n/a
Commercial (Event is free)	£250.00	£550.00	On Application	£35 per sq m
Charity (National)	£150.00	£300.00	£650.00	dec
Charity (local)	No Charge	No Charge	No Charge	No Charge
Note build & break down days 50% of the above				

A local charity is described as a charity that is registered and /or operates within Great Yarmouth Borough providing a variety of goods, products or services that are needed to the local population

OTHER COSTS

Please note that there may be additional costs incurred for particular events, which will be calculated on a case by case basis. These can include (but are not constrained to)

Damage deposit - (refundable if no damage occurs)

Parking - loss of income and parking bay suspensions

Waste management - for example waste bins and refuse collections for the event

Event monitoring - in compliance with policy and location of hire agreement

Highways - Road Closures and signage costs

Licensing fees - alcohol etc.

Electricity supply- if electrical supplies are available these will be charged per day per charging point on application

General Fund Reserves Schedule - 2024/25 BUDGET		Opening Balance 01/04/23	Budgeted Movement 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
Summary and Purpose of Reserve		£	£	£	£	£	£	£	£
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	(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	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	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)	(57,000)	472,263	(368,769)	103,494	(20,000)	83,494
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)	(159,867)	1,365,021	0	1,365,021	0	1,365,021
Specific budget	This reserve is utilised as expenditure is incurred.	347,012	(62,967)	(62,967)	284,045	(63,110)	220,935	(40,000)	180,935
Repairs and Maintenance	This reserve is utilised as expenditure is incurred.	317,639	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)	(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	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)	(30,000)	521,242	0	521,242	0	521,242
Enforcement	Earmarked for enforcement related works to address issues and bring properties back into use.	30,254	0	(20,000)	10,254	0	10,254	(2,000)	8,254
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)	(20,000)	202,581	(10,000)	192,581	0	192,581
Benefits/Revenues Reserve	Earmarking of grants and underspends to be used for the service and mitigation of subsidy impacts.	217,895	0	0	217,895	0	217,895	0	217,895

General Fund Reserves Schedule - 2024/25 BUDGET		Opening Balance 01/04/23	Budgeted Movement 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
Summary and Purpose of Reserve		£	£	£	£	£	£	£	£
Homelessness	Utilised for service expenditure from previous grant allocations	659,311	(642,323)	(438,011)	221,300	0	221,300	0	221,300
Treasury Management reserve	Used to mitigate fluctuations in investment income received.	200,000	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)	(438,745)	1,021,591	(289,500)	732,091	(289,692)	442,399
Coast Protection	Held for match funding and mitigate one-off costs in relation to coast protection.	141,841	0	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	(100,000)	0	0	0	0	0
Community projects	Balance of community projects funding held prior to draw down against spend areas.	522,395	0	0	522,395	0	522,395	(150,000)	372,395
Collection fund income compensation	Previous earmarking in relation to the collection fund deficit adjustments	2,320,590	0	(1,256,989)	1,063,601	0	1,063,601	0	1,063,601
Other Reserves	These Reserves are budget carry forwards to be used in future years.	2,553,814	(22,472)	(204,103)	2,349,711	(26,148)	2,323,563	0	2,323,563
Total GF Earmarked Reserves		13,012,237	(1,144,674)	(2,866,872)	10,145,365	(757,527)	9,387,838	(501,692)	8,886,146
General Fund Reserve	Current recommended balance of £3.5 million	5,047,477	(1,143,250)	(88,448)	4,959,029	(674,911)	4,284,118	0	4,284,118
Total GF Reserves		17,658,126	(2,287,924)	(2,955,320)	15,104,394	(1,432,438)	13,671,956	(501,692)	13,170,264

Policy Framework for the Earmarked Reserves and Assessing the Optimum Level of the General Reserve for the period 2024/25 to 2026/27

1 Background

- 1.1 In accordance with statute (principally the Local Government Finance Act 2002) and following the Guidance Note on Local Authority Reserves and Balances (LAAP Bulletin No. 77 – November 2008), Great Yarmouth Borough Council maintains a range of reserves.
- 1.2 Two types of reserves are discussed in this policy framework:
 - Earmarked Reserves
 - The General Reserve
- 1.3 There are also a number of other reserves which local authorities hold in relation to legislation and proper accounting practices, these are not resource-backed reserves and therefore are not considered as part of this policy framework.
- 1.4 In making decisions in relation to setting the Council Tax, section 25 of the Local Government Act 2003 requires the Chief Financial Officer of the Council to report to the Council on the adequacy of the proposed financial reserves.
- 1.5 This Policy framework has been informed by current guidance on the level of reserves including, both the Local Authority Accounting Panel (LAAP) Bulletin No. 77 and the Audit Commissions report published in December 2012 ‘Striking a Balance’ Improving Councils’ Decision Making on Reserves’.

2 Earmarked Reserves

2.1 Purpose

- 2.1.1 Earmarked reserves are a means of building up funds to meet known or predicted liabilities.
- 2.1.2 Typically earmarked reserves are used to set aside sums for major schemes, such as capital developments, asset purchases, or to fund reorganisations and restructurings to deliver longer term savings and efficiencies. Reserves can also be held for trading and business units built up from surpluses to cover potential losses in future years, or to finance capital expenditure. In certain circumstances, if expenditure is delayed on specific budgets, it may be agreed that the underspending at a year end is carried forward for future use in an earmarked reserve. Such decisions would be subject to considering the overall financial position of a Local Authority.

2.2 Earmarked Reserves Protocol

- 2.2.1 For each reserve the following arrangements have been established:
 - the reasons for / purpose of the reserve
 - how and when the reserve can be used
 - procedures for the reserve’s management and control
 - a process and timetable for review of the reserve to ensure continuing relevance and adequacy.
- 2.2.2 The establishment and use of earmarked reserves is reviewed at the time of budget setting and then controlled through the year as part of the regular budget monitoring processes.

2.3 Review of Earmarked Reserves

- 2.3.1 The Reserves Statement is included as part of the Budget Report to Policy and Resources Committee and gives full details of the earmarked reserves and current planned use.

- 2.3.2 Due to the requirement to use just under £1million to balance the budget for 2024/25 there has been a re-allocation from the earmarked reserves to facilitate this. All earmarked reserves and commitments remain under review including those where commitments fall into future years.
- 2.3.3 Where in-year expenditure is being funded by earmarked reserves and general reserves, the relevant transfers from the reserves have been allowed for within the reserve balances and revenue account budgets as detailed in the budget report.

3 The General Reserve

3.1 Purpose

- 3.1.1 The general reserve is held for two main purposes:
- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
 - a contingency to help cushion the impact of unexpected events or emergencies.

3.2 The Optimum Level of the General Reserve

- 3.2.1 There are two recommended approaches for deciding the optimum level of the general reserve:
- A risk assessment of the budget which takes full account of the context within which the budget has been prepared. The budget report itself provides this contextual information.
 - To set the reserve at a percentage of expenditure. Too low a level puts the council at unacceptable risk of failing to meet its obligations, too high a level unnecessarily ties up resources.
- 3.2.2 This framework provides a risk assessment approach and validating the result against a percentage calculation, the level of reserves is a matter of opinion informed by the judgement of the Council's Chief Financial Officer.

3.3 Assessment Framework

- 3.3.1 The issues to be considered include the following:
- The Council continues to operate on an ongoing basis.
 - The robustness of the budget process including recognition of the linkages with the corporate plan, the strategic risks and the financial plan update.
 - Internal financial control mechanisms and adequacy of the budget monitoring processes.
 - The adequacy of earmarked reserves and the movements on the general reserves both in the past and planned.
 - The extent to which savings and planned service reductions are required and can be relied upon to support corporate plan targets.
 - The risk of major litigation and legal claims, both currently and in the future.
 - The impact of future Government funding reductions.
 - Implications of the Local Council Tax Support Scheme and increase in the demand for support.
 - Fluctuations in retained business rate income and funding from the government for the extensions to reliefs for example small business rates.
 - Fluctuations around certain income streams and grants, for example demand led services such as planning, building control income, land charges, car parking and recycling.

- Future changes to the funding for Local Authorities, for example the New Homes Bonus and an increase to the share of business rates that is retained locally.
- Unplanned volume increases in major demand led budgets, particularly in the context of the current economic climate for example housing benefits, council tax support and homelessness.
- The need to retain a general contingency to provide for any unforeseen circumstances that may arise including inadequately funded Government initiatives.
- Where there is a move to do less by direct service provision for example through third parties, including outsourcing, this in turn increases the risks borne by authorities. There is a risk that these arrangements fail and there are many circumstances when a statutory liability remains with the local authority. Such risks may not be insurable at an economic level and demand rigorous risk minimisation strategies and this is an area that will be considered in more detail if the Council pursues these arrangements in future years.
- The need to retain reserves for general day to day cash flow requirements.

3.3.2 All of these issues interlink, and any one incident is likely to span across many of the issues and might not be contained within one financial year. Risks change over time and the general reserve needs to be considered across the medium-term financial plan. What might be an adequate level of reserves now may not be reflective of what would be deemed to be adequate in years two to four. Therefore, as a minimum the framework should be reviewed as part of the annual budget setting process.

3.4 The Assessment of the General Fund Reserve

3.4.1 When undertaking the assessment, it must be remembered that the items considered are merely guides to assessing the overall level of the reserve. In no way is it a budget for any of the items being created since by its nature a general reserve is designed to protect against the unexpected and unquantifiable for whatever reason.

3.4.2 Having considered the relevant risks and the mitigation measures already in place, it is felt that the following indicative items should be taken into account in the budget risk assessment for 2024/25 to assess the recommended level of reserves:

<i>Item</i>	<i>2024/25</i>	<i>2025/26</i>	<i>2026/27</i>
1 Pay and Price Inflation (0.5% sensitivity to budget assumption)	175,000	175,000	175,000
2 Interest Rates & MRP (0.5% sensitivity to short term borrowing and profiling of capital spend and MRP impact)	125,000	125,000	125,000
3 Failure to Achieve Planned Savings and Cost Pressures from Corporate Plan Targets (to ensure core services are maintained)	350,000	350,000	350,000
4 Legal Issues (to provide additional comfort above earmarked reserves to mitigate any legal claims)	200,000	200,000	200,000
5 Emergencies and Other Unknowns (to recognise the risks associated with unpredictable events)	400,000	400,000	400,000
6 Treatment of Demand Led Pressures (recognising the impact of increase or reduction in demand and compensating increase or reduction in expenditure or income)	750,000	750,000	750,000
7 Project Risks (To recognise the risks the Authority is facing in terms of partnership work and significant projects)	600,000	600,000	600,000

<i>Item</i>	<i>2024/25</i>	<i>2025/26</i>	<i>2026/27</i>
8 Cash Flow (the impact of timing of cash flow, including the profiling of expenditure)	100,000	100,000	100,000
9 Future Funding Fluctuations (an allowance to reflect the increased risk around local funding, ie business rates and new homes bonus, to mitigate the impact within and between financial years)	800,000	900,000	900,000
Total Indicated General Fund Reserve Recommended	3,500,000	3,500,000	3,500,000
% of Net Budgeted Operating Expenditure (excluding parish precepts)	22.2%	22.2%	22.2%

3.4.3 The allowance in the general reserve in respect of project risks has reduced as there is contingency allowed for in the capital projects and programme, the element for non delivery of savings has been increased to reflect the greater level of savings included in the budget for 2024/25. Overall there has been no change to the total level of recommended balance in the general reserve compared to the previous year as despite there being increased risk facing the council in terms of funding and spending pressures. There does remain continued risk in respect of the ability to produce a sustainable budget for the medium term without the reliance on reserves and therefore this will need early work in 2024/25.

4 Chief Financial Officer's Opinion

4.1 The Earmarked Reserves detailed within the reserves statement are proper and appropriate with regard to purpose, level and proposed use, although the future timing of their use will be reported within the budget monitoring reports and the statement updated accordingly.

4.2 Based on the assessment detailed above **the recommended level of the general reserve for 2024/25 would be £3.5 million**. After allowing for the transfer from the general reserve in the year necessary to balance the budget for 2024/25, the balance would be within an acceptable tolerance for 2024/25, however for 2025/26 onwards this will need to be reviewed and therefore the overall balances will be reviewed further as part of the outturn process for 2023/24 later in the year.

Appendix H - General Fund Capital Programme - Detail - 2023/24 onwards

Services & Projects	2023/24 Budget £000					2023/24 Expenditure £000		Forward Budgets				
	Updated Budget 23/24 as at P6	Q3 Amendments	Roll forward into 24-25	Roll forward into 25-26	Revised Budget 23-24	Actuals to 31-12-23	Forecast 23/24	24/25 Forward Budget	25/26 Forward Budget	26/27 Forward Budget		
Capital Loans & Company Financing	13,582	-	15	-	3,080	-	7,000	3,487	1,715	3,487	4,611	7,379
Total: Executive	13,582	-	15	-	3,080	-	7,000	3,487	1,715	3,487	4,611	7,379
Wellesley 3G Pitch & Tennis Pavilion	72	-	-	-	72	45	80	-	-	-	-	-
Gorleston Tennis Courts Refurbishment	14	6	-	-	20	20	20	-	-	-	-	-
Refurbishment of Park at Diana Way, Caister	126	-	-	-	126	71	126	-	-	-	-	-
Safer Streets 5	-	97	-	-	97	-	97	35	-	-	-	-
UK Prosperity Fund	40	-	-	-	40	-	40	160	-	-	-	-
Rural England Prosperity Fund	160	-	-	-	160	-	-	240	-	-	-	-
Total: Health Integration & Communities	412	103	-	-	515	137	363	435	-	-	-	-
St Nicholas Minster West Boundary Wall	67	-	67	-	-	0	-	-	-	-	-	-
St Nicholas car park north Boundary Wall	25	-	-	-	25	-	25	-	-	-	-	-
Height Barriers for Seafront Short Stay Car Parks	13	-	-	-	13	13	13	-	-	-	-	-
Crematorium Main Roof Works	60	-	-	60	-	-	-	60	-	-	-	-
Crematorium Tearooms	31	-	-	31	-	0	-	31	-	-	-	-
Total: Customer Services	196	-	67	-	91	-	37	13	37	91	-	-
Town Deal - O&M	1,500	-	-	-	1,500	-	1,500	-	-	-	-	-
Town Deal - Incubator Units	76	-	-	-	76	66	76	233	-	-	-	-
Town Deal - North Quay	5,410	1,805	-	2,516	-	2,200	2,500	221	2,500	17,081	7,224	-
Town Deal - Wintergardens	300	-	-	-	300	-	-	7,000	-	8,857	-	-
Town Deal - Restoration of Vacant Historic Buildings	224	-	-	-	224	109	224	346	-	-	-	-
Town Deal - Restoration & Adaptation of the Ice House	500	-	-	-	500	280	456	-	-	-	-	-
Town Deal - Connectivity & Public Wayfinding	30	-	-	-	30	-	30	-	-	554	-	-

Appendix H - General Fund Capital Programme - Detail - 2023/24 onwards

Services & Projects	2023/24 Budget £000					2023/24 Expenditure £000		Forward Budgets		
	Updated Budget 23/24 as at P6	Q3 Amendments	Roll forward into 24-25	Roll forward into 25-26	Revised Budget 23-24	Actuals to 31-12-23	Forecast 23/24	24/25 Forward Budget	25/26 Forward Budget	26/27 Forward Budget
Town Deal & Future High Street - Learning Centre	4,815	-	-		4,815	924	4,815	11,202	-	
Town Deal & Future High Street - Digital Connectivity	269	-	-		269	107	269	-	-	
Future High Street Fund - Market Place - 6 Day	1,221	-	-		1,221	1,043	1,221	-	-	
Future High Street Fund - Market Place - Realm	5,311	-	4,811		500	76	500	4,811	-	
Future High Streets - Conge South	331	-	-		331	167	331	-	-	
Future High Streets - Conge North	210	-	-		210	-	210	-	-	
Future High Streets - Densification	18	-	-		18	17	18	-	-	
Heritage Action Zone (HAZ)	51	51	-		-	-	-	-	-	
Total: Inward Investment	20,266	1,754	7,327	2,200	12,494	3,011	12,150	40,673	16,635	-
Disabled Facilities Grants	2,673	-	-		2,673	676	900	1,300	1,300	1,300
Better Care Fund Projects	-	-	-		-	3	-	-	-	
DFG Top-up Grants	-	-	-		-	-	-	250	-	
DFG Top-up Loans	-	-	-		-	-	-	150	-	
Norfolk & Waveney Equity Loan Scheme	164	-	114		50	-	50	114	-	
Equity Home Improvement Loans	605	-	595		10	-	10	595	-	
Empty Homes	510	-	325		185	-	185	325	-	
HMOs /Guesthouse Purchase & Repair Scheme	1,170	-	970		200	37	200	970	-	
Temporary Accommodation Decent Homes	50	-	-		50	-	50	-	-	
Acquisition of property for transitional housing	823	-	393		430	7	430	393	-	
Sustainable Warmth - LAD 3	727	-	-		727	-	727	-	-	
Homes Upgrade Grants (HUG 1)	1,363	-	-		1,363	612	777	-	-	
Homes Upgrade Grants (HUG 2)	2,700	405	-		3,105	-	2,475	3,457	-	
LAHF Funded Temporary Accommodation	1,230	1,230	-		-	-	-	-	-	
Community Housing Fund	540	-	540		-	-	-	540	-	
Total: Housing	12,556	825	2,938	-	8,793	1,335	5,803	8,095	1,300	1,300
ICT Investment to deliver GYBC ICT Strategy	950	-	750		200	40	200	750	-	
Total: IT, Communications & Marketing	950	-	750	-	200	40	200	750	-	-

Appendix H - General Fund Capital Programme - Detail - 2023/24 onwards

Services & Projects	2023/24 Budget £000					2023/24 Expenditure £000		Forward Budgets		
	Updated Budget 23/24 as at P6	Q3 Amendments	Roll forward into 24-25	Roll forward into 25-26	Revised Budget 23-24	Actuals to 31-12-23	Forecast 23/24	24/25 Forward Budget	25/26 Forward Budget	26/27 Forward Budget
Euston Rd Public Toilet Refurbishment	88	- 68	-		20	-	20	-	-	
Modernisation of Toilets								87		
Footway Lighting	323	-	-		323	229	323	100	100	100
External Redecoration & Repair of the Wellesley Grandstand	40	-	-		40	34	36	-	-	
Esplanade Resurfacing	246	- 171	-		75	75	75	-	-	
Gorleston Beach Huts	53	- 53	-		0	-	-	-	-	
Great Yarmouth Beach Huts	192	- 243	-		435	98	435	-	-	
Hemsby Rock Provision	735	-	-		735	516	735	-	-	
Changing Places	38	-	-		38	-	-	-	-	
Phoenix Pool & Gym car park extension	94	- 94	-		-	-	-	-	-	
Market Cleaning Machine		- 29	-		29	-	29			
Wellesley Security Gates		- 25	-		25	-	25			
Aspire Building & Mkt Row Boiler Replacement	46	- -	46		-	-	-	46	-	
Peggotty Rd Community Centre Flooring	32	- -	32		-	-	-	32	-	
Cemetery Flint Walls & Gates	77	- -	77		-	-	-	77	-	
Gorleston Seafront Improvements	77	- -	77		-	-	-	77	-	
Playgrounds	422	-	-		422	19	422	-	-	
Office Accommodation	225	-	-		225	-	225	-	-	
O&M Development	-	- 90	-		90	40	90	2,614	2,614	2,614
Beacon Park Projects	796	- -	596		200	9	200	596	-	
Beacon Park Relocation & Improvement of Play Facilities	400	- -	300		100	-	100	300	-	
Energy Park - South Denes	1,845	- -	1,700		145	-	145	1,700	-	
Total: Property & Asset Management	5,730	0 -	2,828	-	2,901	1,020	2,860	5,629	2,714	2,714
Refuse Vehicle Purchases	3,040	-	-		3,040	2,378	3,040	-	-	
Communal Bins	-							43		
Food Waste Collection	-							850		
Total: Environmental Health	3,040	-	-	-	3,040	2,378	3,040	893	-	-

Appendix H - General Fund Capital Programme - Detail - 2023/24 onwards

Services & Projects	2023/24 Budget £000					2023/24 Expenditure £000		Forward Budgets					
	Updated Budget 23/24 as at P6	Q3 Amendments	Roll forward into 24-25	Roll forward into 25-26	Revised Budget 23-24	Actuals to 31-12-23	Forecast 23/24	24/25 Forward Budget	25/26 Forward Budget	26/27 Forward Budget			
Capital Contingency	1,915	-	-	1,915	-	-	-	1,915	-	-			
Match Funding Capital Allocation	1,805	-	1,805	-	-	-	-	-	-	-			
Projects requiring further approval before commencement	825	-	-	825	-	-	-	2,126	141	-			
Overall Total	61,277	-	855	-	19,754	-	9,200	31,468	9,649	27,940	65,217	28,169	4,014

Financed by:						
Borrowing		7,569		11,684	15,743	2,714
Grants & Contributions		20,087		44,803	12,425	1,300
Revenue/Earmarked Reserves		130		940	-	-
Capital Receipts		3,682		7,790	-	-
Total Financing		31,468		65,217	28,169	4,014

Appendix I - 2024/25 Capital Bids

Project	Service	Approval	Budget	Proposed Funding 2024-25			Budget	Proposed Funding 2025-26	
			2024-25	Borrowing	Capital Receipts	External	2025-26	Borrowing	External
	Housing	Annual Provision	£1,300,000			£1,300,000	£1,300,000		£1,300,000
PAM01	Property Asset Management	Annual Provision	£100,000	£100,000			£100,000	£100,000	
PAM11	Property Asset Management	Recommended to Include	£87,000	£87,000		£0			
ENV01	Environmental Services	Recommended to Include	£43,000	£43,000					
GYS01	Environmental/GYS	Recommended to Include	£531,000		£531,000		£379,000	£379,000	
PAM02	Property Asset Management	Recommended to Include - subject to S106 approval Process	£285,000	£165,000		£120,000	£141,000	£21,000	£120,000
CP01	Coast Protection	Recommended to Include - subject to funding being secured	£170,000			£170,000			
PAM12	Property Asset Management	Agreed in principle but further Business Case required	£441,650	£441,650		£0			
CS01	Customer Services	Agreed in principle but further Business Case required	£404,000	£404,000					
			£3,361,650	£1,240,650	£531,000	£1,590,000	£1,920,000	£500,000	£1,420,000

Minimum Revenue Provision Statement 2024/25

Annual Minimum Revenue Provision Statement 2024/25

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The *Local Government Act 2003* requires the Authority to have regard to the Ministry of Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently issued in 2018.

The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance:

- **Post-2008 Expenditure** - For capital expenditure financed by borrowing after 31st March 2008, the annuity MRP method is applied. This provides a lower annual charge in the earlier years which gradually increases. The approach is both prudent and a recommended method as per the CLG guidance. This method allows for a reduction in the interest costs chargeable (as the CFR is repaid) over time and is offset by a rise in the MRP over the same period, thereby resulting in a consistent revenue charge of the cost of capital.
- **Pre 2008 Expenditure** - MRP on all General Fund capital expenditure incurred before 1st April 2008 is equal to 4% of the opening CFR less a fixed sum known as "Adjustment A".
- **For assets acquired by leases** - MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- **For capital expenditure loans to third parties** - the Authority will make nil MRP unless (a) the loan is an investment for commercial purposes and no repayment was received in year or (b) an expected credit loss was recognised or increased in-year, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment on loans that are investments for commercial purposes, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. Sufficient MRP will be charged to ensure that the outstanding capital financing requirement (CFR) on the loan is no higher than the principal amount outstanding less the expected credit loss. This option was proposed by the government in its recent MRP consultation and in the Authority's view is consistent with the current regulations.
- No MRP will be charged in respect of assets held within the Housing Revenue Account.

This methodology is consistent with previous years.

Capital expenditure incurred during 2024/25 will not be subject to a MRP charge until 2025/26 or later.

Based on the Authority's latest estimate of its capital financing requirement (CFR) on 31st March 2024, the budget for MRP has been set as follows:

	31.03.2024 Estimated CFR £m	2024/25 Estimated MRP £
Capital expenditure before 01.04.2008	11.6	0.4
Supported capital expenditure after 31.03.2008	70.3	1.9
Total General Fund	81.9	2.3
Housing Revenue Account	94.5	N/A
Total	176.4	2.3

Appendix K - HRA Revenue Budget 2024/25

Housing Revenue Budget	2023/24 Revised Budget	2023/24 Current Forecast	Budget 24/25	Budget 25/26	Budget 26/27	Budget 27/28	Budget 28/29
Income							
Dwelling Rents	(£24,738,951)	(£24,996,000)	(£26,427,375)	(£26,633,797)	(£27,450,311)	(£28,284,270)	(£29,132,658)
Non Dwelling Rents	(£295,498)	(£295,498)	(£325,343)	(£334,804)	(£344,548)	(£354,584)	(£364,922)
Charges for Services and Facilities	(£1,390,078)	(£1,388,835)	(£2,470,780)	(£2,544,904)	(£2,621,251)	(£2,699,888)	(£2,780,885)
Contribution towards expenditure	(£5,000)	(£5,000)	(£5,000)	(£5,000)	(£5,000)	(£5,000)	(£5,000)
Total Income	(£26,429,527)	(£26,685,333)	(£29,228,499)	(£29,518,504)	(£30,421,110)	(£31,343,742)	(£32,283,465)
Expenditure							
Repairs And Maintenance	£9,921,975	£10,345,137	£12,213,861	£9,989,757	£10,151,728	£10,220,057	£10,465,159
Supervision and Management	£6,949,389	£7,200,297	£7,911,210	£7,985,502	£8,113,173	£8,245,950	£8,452,964
Rents, Rates, Taxes and Other Charges	£457,501	£457,501	£468,658	£492,091	£516,696	£542,531	£558,807
Dwelling Depreciation	£3,747,646	£3,747,646	£3,747,646	£3,747,646	£3,747,646	£3,747,646	£3,860,075
Non - Dwelling Depreciation	£179,415	£179,415	£179,415	£179,415	£179,415	£179,415	£184,797
Provision for bad and doubtful debts	£150,000	£150,000	£150,000	£150,000	£150,000	£150,000	£154,500
Total Expenditure	£21,405,926	£22,079,996	£24,670,790	£22,544,412	£22,858,657	£23,085,599	£23,676,302
Non Service Expenditure/Income							
Interest Payable and Similar Charges	£3,156,251	£3,317,572	£4,274,844	£4,504,034	£4,529,927	£4,787,260	£4,930,877
Interest and investment income	(£40,000)	(£131,682)	(£99,586)	(£50,000)	(£50,000)	(£50,000)	(£50,000)
Capital Grants & Contributions receivable	(£1,336,000)	(£1,336,000)	(£2,340,000)	(£2,410,200)	(£2,340,000)	(£2,340,000)	(£2,340,000)
Capital Expenditure funded by Revenue (including Grants)	£7,479,981	£6,798,788	£6,302,993	£4,327,939	£4,489,624	£4,648,978	£4,788,447
Transfers to/from EMR Reserves	£0	£1,440,000	(£1,440,000)	£0	£0	£0	£0
HRA Pension Backfunding	£479,925	£527,559	£738,258	£738,258	£738,258	£738,258	£753,520
Non Service Expenditure/Income	£9,740,157	£10,616,237	£7,436,509	£7,110,031	£7,367,809	£7,784,496	£8,082,845
Deficit/(Surplus) for the year on HRA Services.	£4,716,556	£6,010,900	£2,878,800	£135,938	(£194,644)	(£473,648)	(£524,318)
HRA General Reserves Balance Bfwd	(£11,253,000)	(£11,253,000)	(£5,242,100)	(£2,363,300)	(£2,227,362)	(£2,422,005)	(£2,895,653)
HRA EMR Balance Bfwd	(£50,397)	(£50,397)	(£1,490,397)	(£50,397)	(£50,397)	(£50,397)	(£50,397)
Deficit/(surplus) in year	£4,716,556	£6,010,900	£2,878,800	£135,938	(£194,644)	(£473,648)	(£524,318)
HRA General Reserves Balance Cfwd	(£6,536,444)	(£5,242,100)	(£2,363,300)	(£2,227,362)	(£2,422,005)	(£2,895,653)	(£3,419,971)
HRA EMR Balance Cfwd	(£50,397)	(£1,490,397)	(£50,397)	(£50,397)	(£50,397)	(£50,397)	(£50,397)

	Revised Budget 2023/24 £	Current forecast 2023/24 £	Budget 2024/25 £	Variance between 2023/24 revised budget to 2024/25	Budget Comments
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Appendix L- HRA - Budget 2024/25

Note 1 Significant variances requiring Significant variances of +/- £10,000 full year variances require commentary.

Rents	Revised Budget 2023/24 £	Current forecast 2023/24 £	Budget 2024/25 £	Variance between 2023/24 revised budget to 2024/25	Budget Comments
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Dwelling Rents	(24,738,951)	(24,996,000)	(26,427,375)	(1,688,424)	7.7% increase recommended for Rental income and garage non dwelling rents. Dwelling income budget reflects changes in depooling service charges from rental income.
Non Dwelling Rents	(295,498)	(295,498)	(325,343)	(29,845)	
Total:	(25,034,449)	(25,291,498)	(26,752,718)	(1,718,269)	

Contribution towards expenditure	Revised Budget 2023/24 £	Current forecast 2023/24 £	Budget 2024/25 £	Variance between 2023/24 revised budget to 2024/25	Budget Comments
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Contribution towards expenditure	(5,000)	(5,000)	(5,000)	0
Total:	(5,000)	(5,000)	(5,000)	0

Charges for Services and Facilities	Revised Budget 2023/24 £	Current forecast 2023/24 £	Budget 2024/25 £	Variance between 2023/24 revised budget to 2024/25	Budget Comments
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Day to Day Repairs & Voids	(25,000)	(10,000)	(26,335)	(1,335)	
Service Charge Income	(668,499)	(682,256)	(1,637,875)	(969,376)	Increases in service charge income to reflect cost recovery and new charges introduced. This budget reflects changes in depooling service charges from rental income.
Sheltered Support	(393,715)	(393,715)	(503,706)	(109,991)	Increases in service charge income to reflect cost recovery of service.
Alarms	(302,864)	(302,864)	(302,864)	0	
Total:	(1,390,078)	(1,388,835)	(2,470,780)	(1,080,702)	
Total Income	(26,429,527)	(26,685,333)	(29,228,499)	(2,798,972)	

Expenditure

Repairs And Maintenance	Revised Budget 2023/24 £	Current forecast 2023/24 £	Budget 2024/25 £	Variance between 2023/24 revised budget to 2024/25	Budget Comments
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Compliance	2,282,010	1,725,350	2,960,028	678,018	Budgets increased for electrical testing and remedial works, replacement of smoke alarms, increased fire testing and fire door inspections. £900k in earmarked reserves will fund the fire remedial works committed from 2023/24.
Planned Cyclical	2,806,488	2,764,488	3,246,450	439,962	Cyclical Decoration Programme for houses budget allocation added in 2024/25 and revenue repairs budget for garages.
Efficiency Savings from GYN	(750,000)	0	0	750,000	Savings target removed, all efficiency savings incorporated in to future repairs and maintenance budgets.
Responsive Repairs	2,759,896	2,531,150	2,506,030	(253,866)	Average cost per job was lower in 2023/24, ongoing budgets reflect efficiencies implemented.
Voids	1,260,350	1,285,924	1,457,984	197,634	Void budgets increased due to demand seen in 2023/24.
Planned Large Repairs	314,700	751,752	366,000	51,300	Planned Large Repairs increased due to increase in demand in 2023/24.
R&M Other	1,248,531	1,286,473	1,677,369	428,838	Partnership Fee with Great Yarmouth Services increased by £120k as per Service Level Agreement. Adaptations budgets increased by £136k due to demand and other repairs and maintenance contracts increased in line with inflation and costs as per 2023/24.
Total:	9,921,975	10,345,137	12,213,861	2,291,886	

Supervision and Management	Revised Budget 2023/24 £	Current forecast 2023/24 £	Budget 2024/25 £	Variance between 2023/24 revised budget to 2024/25	Budget Comments
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Income	(315,370)	(320,262)	(35,904)	279,466	Compliance team and recharge for Director of Housing Assets are no longer to be funded from Great Yarmouth Norse and incorporated into staff and agency pay.
Staff Pay	3,870,274	3,643,149	3,864,570	(5,704)	
Agency Costs	68,111	320,270	110,000	41,889	Budget increased for agency costs to cover vacant positions and ongoing additional consultancy costs in relation to sharing the cost of Director of Housing Assets.

	Revised Budget 2023/24 £	Current forecast 2023/24 £	Budget 2024/25 £	Variance between 2023/24 revised budget to 2024/25	Budget Comments
Appendix L- HRA - Budget 2024/25					
Note 1 Significant variances requiring					
	Significant variances of +/- £10,000 full year variances require commentary.				
Transport Costs	30,712	41,755	47,024	16,312	Budget aligned to support staff in post for milage allowances.
Premises Costs	357,972	378,484	325,363	(32,609)	Budgets reviewed in 2023/24 and base budgets reset to align with actual estimated spend plus inflationary increases
Supplies and Services	838,105	1,043,068	1,033,196	195,091	Increased budgets for legal costs associated with disrepair claims, New IT systems impememented, staff equipment and protective clothing and tenant surveys.
Support Services	2,070,400	2,070,400	2,523,097	452,697	Internal support recharges have increased due to inflationary increases on support service budgets and to reflect some of the additional support services from finance and human resource department, who will support the new in house repair and maintenance service October 2024.
S&M Other	29,185	23,433	43,864	14,679	Service lines increased in line with estimated service need.
Total:	6,949,389	7,200,297	7,911,210	961,821	

Rents, Rates, Taxes and Other Charges	Revised Budget 2023/24 £	Current forecast 2023/24 £	Budget 2024/25 £	Variance between 2023/24 revised budget to 2024/25	Budget Comments
Rents, Rates, Taxes and Other Charges	457,501	457,501	468,658	11,157	Inflationary increases added rents and rates budgets in 2024/25.
Total:	457,501	457,501	468,658	11,157	

Depreciation	Revised Budget 2023/24 £	Current forecast 2023/24 £	Budget 2024/25 £	Variance between 2023/24 revised budget to 2024/25	Budget Comments
Dwelling Depreciation	3,747,646	3,747,646	3,747,646	0	
Non - Dwelling Depreciation	179,415	179,415	179,415		
Total:	3,927,061	3,927,061	3,927,061	0	

Debt Management Costs	Revised Budget 2023/24 £	Current forecast 2023/24 £	Budget 2024/25 £	Variance between 2023/24 revised budget to 2024/25	Budget Comments
Debt Management Costs	150,000	150,000	150,000	0	
Total:	150,000	150,000	150,000	0	
Total Expenditure	21,405,926	22,079,996	24,670,790	3,264,864	

Non Service Expenditure/Income

Interest Payable and Similar Charges	Revised Budget 2023/24 £	Current forecast 2023/24 £	Budget 2024/25 £	Variance between 2023/24 revised budget to 2024/25	Budget Comments
Interest Payable and Similar Charges	3,156,251	3,317,572	4,274,844	1,118,593	Increases to interest budget include the housing revenue account (HRA) share of interest on borrowing for the council cashflow and increases to the HRA capital programme financed by borrowing. This increase takes into account increased interest rates.
Total:	3,156,251	3,317,572	4,274,844	1,118,593	

Interest and investment income	Revised Budget 2023/24 £	Current forecast 2023/24 £	Budget 2024/25 £	Variance between 2023/24 revised budget to 2024/25	Budget Comments
Interest and investment income	(40,000)	(131,682)	(99,586)	(59,586)	Housing revenue account share of interest receivable increased in line with increased interest rates.
Total:	(40,000)	(131,682)	(99,586)	(59,586)	

	Revised Budget 2023/24 £	Current forecast 2023/24 £	Budget 2024/25 £	Variance between 2023/24 revised budget to 2024/25	Budget Comments
Appendix L- HRA - Budget 2024/25					
Note 1 Significant variances requiring Significant variances of +/- £10,000 full year variances require commentary.					
Capital Grants & Contributions receivable	Revised Budget 2023/24 £	Current forecast 2023/24 £	Budget 2024/25 £	Variance between 2023/24 revised budget to 2024/25	Budget Comments
Capital Grants & Contributions receivable	(1,336,000)	(1,336,000)	(2,340,000)	(1,004,000)	2024/25 Budget includes external grants planned for additional housing projects.
Total:	<u>(1,336,000)</u>	<u>(1,336,000)</u>	<u>(2,340,000)</u>	<u>(1,004,000)</u>	
Capital Expenditure funded by Revenue (including Grants)	Revised Budget 2023/24 £	Current forecast 2023/24 £	Budget 2024/25 £	Variance between 2023/24 revised budget to 2024/25	Budget Comments
Capital Expenditure funded by Revenue (including Grants)	7,479,981	6,798,788	6,302,993	(1,176,988)	Budget decreased in line with 2024/25 capital programme financing requirements.
Total:	<u>7,479,981</u>	<u>6,798,788</u>	<u>6,302,993</u>	<u>(1,176,988)</u>	
In Year Pension Adjustments	Revised Budget 2023/24 £	Current Forecast 2023/24 £	2024/25 Budget	Variance between 2023/24 revised budget to 2024/25	Budget Comments
In Year Pension Adjustments	479,925	527,559	738,258	258,333	Budget adjusted for estimated cost of pension liabilities.
Total:	<u>479,925</u>	<u>527,559</u>	<u>738,258</u>	<u>258,333</u>	
Earmarked Reserves	Revised Budget 2023/24 £	Current Forecast 2023/24 £	2024/25 Budget	Variance between 2023/24 revised budget to 2024/25	Budget Comments
Earmarked Reserves	0	1,440,000	(1,440,000)	(1,440,000)	2023/24 committed budgets carried forward to 2024/25 for repairs and maintenance and capital programme. These budgets have been committed and wont be completed by the 2023/24 financial year end. Capital budgets include £220k Roofing, £150k Single skin upgrades, £170k concrete works. The Cfwd revenue budget is £900k fire risk assessments.
Total:	<u>0</u>	<u>1,440,000</u>	<u>(1,440,000)</u>	<u>(1,440,000)</u>	
Non Service Expenditure/Income Totals	9,740,157	10,616,237	7,436,509	55,007	
Total HRA	4,716,556	6,010,900	2,878,800	(1,837,756)	

Appendix M - Service Charges 2024/25

2024/25 HRA Service Charges	2023-24	2024-25	Increase/(decrease) in year
	50 weeks	51 weeks	
Dwelling Rents	£103.95	£111.74	£7.79
Garden maintenance up to 30 minutes maintenance	£4.46	£4.80	£0.34
Garden maintenance over 30 minutes maintenance	£7.13	£7.68	£0.55
Communal water service charge	£5.37	£4.06	(£1.31)
Communal heating service charge	£6.13	£10.75	£4.62
Digital aerials service charge	£1.04	£1.25	£0.21
Sewerage service charge	£8.18	£8.81	£0.63
Sheltered housing management fee	£10.15	£10.93	£0.78
Alarms monitoring service - Addison/Garnham Road	£1.93	£1.93	£0.00
Garage service charge	£12.98	£13.98	£1.00
Garage rental surcharge	£4.34	£4.67	£0.33
Caretaker basic service charge	£1.19	n/a	n/a
Caretaker enhanced service charge	£1.19	n/a	n/a
Caretaking external service charge (twice a week)	n/a	£5.58	NEW CHARGE
Caretaking external service charge (weekly)	n/a	£3.15	NEW CHARGE
Caretaking external service charge (fortnightly)	n/a	£1.90	NEW CHARGE
Caretaking external service charge (4 weekly)	n/a	£1.35	NEW CHARGE
Caretaking stairwell service charge (fortnightly)	n/a	£1.90	NEW CHARGE
Caretaking stairwell service charge (4 weekly)	n/a	£1.35	NEW CHARGE
Grounds maintenance service charge	n/a	£3.08	NEW CHARGE
Grounds cleaning service charge	n/a	£2.08	NEW CHARGE
Communal Estate Maintenance – Eastwood	n/a	£5.40	NEW CHARGE
Furnishing and Blinds - Scheme One	n/a	£2.49	NEW CHARGE

2024/25 General fund - Gapton Hall Service Charges	2023-24	2024-25	Increase/(decrease) in year
	52 weeks	53 weeks	
Single Pitch	£70.20	£72.59	£2.39
Double Pitch	£96.02	£99.28	£3.26
Sewage and Water	£6.87	£5.96	-£0.91
Council Tax Recovery	NA	£2.23	NEW CHARGE

Appendix N - HRA Capital Programme 2024/25

Housing Revenue Account Capital Programme	2023/24 Budget	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
Capital Assets Programme							
Boiler Service and Maintenance	£120,000	£120,000	£0	£0	£0	£0	£0
Decent Home Yearly Programme	£3,976,907	£3,756,907	£3,280,000	£3,500,000	£3,500,000	£3,500,000	£3,500,000
Middlegate Fire Improvements	£0	£0	£80,000	£0	£0	£0	£0
Damp and Mould Programme	£0	£0	£500,000	£250,000	£262,500	£275,625	£289,406
Estate Improvements	£0	£0	£60,000	£0	£0	£0	£0
Decarb / Energy Efficiency programme	£3,284,030	£3,284,030	£1,900,000	£0	£0	£0	£0
Capital Planned Improvements	£1,500,000	£1,330,000	£1,235,000	£1,500,000	£1,575,000	£1,653,750	£1,736,438
Specific Planned Projects	£300,000	£300,000	£0	£0	£0	£0	£0
Voids (Capital works)	£1,495,000	£1,345,000	£1,275,000	£1,300,000	£1,365,000	£1,433,250	£1,504,913
HRA Adaptations	£0	£0	£170,000	£178,500	£187,425	£196,796	£206,636
Windows & doors	£453,000	£453,000	£0	£0	£0	£0	£0
Planned Maintenance	£225,000	£225,000	£0	£0	£0	£0	£0
Affordable housing programme	£3,771,887	£3,621,887	£7,480,820	£6,512,295	£7,406,718	£7,510,455	£7,583,960
LAHF Housing Programme	£0	£1,230,000	£0	£0	£0	£0	£0
Other HRA Capital Programmes							
Housing Transformation Budget	£276,442	£276,442	£0	£0	£0	£0	£0
New Fleet vehicles	£0	£0	£180,242	£360,484	£360,484	£360,484	£360,484
Communal Bins	£0	£0	£200,000	£0	£0	£0	£0
Capital Programme Total	£15,402,266	£15,942,266	£16,361,062	£13,601,279	£14,657,127	£14,930,360	£15,181,836

Housing Revenue Account Capital Programme	2023/24 Budget	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
Receipts for new build	400,000	784,208	892,328	512,295	562,687	604,182	633,584
Receipts for capital programme	125,657	705,609	769,997	793,499	793,239	803,381	827,164
Revenue Depreciation	3,927,062	3,927,062	3,927,062	3,927,062	3,927,062	3,927,062	3,927,062
Revenue funding capital	7,479,979	5,442,788	3,962,993	1,987,939	2,149,624	2,308,978	2,463,166
Borrowing	2,133,055	3,200,599	4,448,682	4,020,484	4,864,515	4,926,757	4,970,860
Capital Grant contribution	1,316,513	1,862,000	2,340,000	2,340,000	2,340,000	2,340,000	2,340,000
Leaseholder contribution	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Total Financing	15,402,266	15,942,266	16,361,062	13,601,279	14,657,127	14,930,360	15,181,836



URN 23-176

Report Title **CAPITAL STRATEGY, INVESTMENT STRATEGY AND TREASURY
MANAGEMENT STRATEGY 2024/25**

Report to **CABINET 12 February 2024**
SCRUTINY 13 February 2024
COUNCIL 22 February 2024

Responsible Cabinet Member: Carl Smith – Portfolio holder Governance, Finance and Major Projects

Responsible Officer: FINANCIAL SERVICES MANAGER

SUBJECT MATTER/RECOMMENDATIONS

This report and document presents for approval the Council's Capital Strategy, Investment Strategy and Treasury Management Strategy Statement for 2024/25.

These strategies provide a framework that gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

They also highlight how the Council's decisions on capital spend has financial implications for the future and the financial planning of the Council.

Recommendations:

That Cabinet agree and RECOMMENDS to Council the following:

- The Capital Strategy for 2024/25
- The Investment Strategy for 2024/25
- The Treasury Management Strategy Statement for 2024/25, including:
 - a. The Treasury Investment Strategy (section 4)
 - b. Prudential Indications (section 5)
 - c. Operational Boundary and Authorised Limits (Appendix C)

1. INTRODUCTION AND BACKGROUND

- 1.1. In accordance with statutory guidance, the Council is required to have a Capital Strategy, Investment Strategy and Treasury Management Strategy. These strategies are informed by and also inform a number of the Councils other strategy documents, including the following:
- Asset Management Strategy
 - Medium Term Financial Strategy.

2. CAPITAL STRATEGY 2024/25

- 2.1. The Capital Strategy for 2023/24 is attached at appendix A and covers capital expenditure and financing, treasury management and commercial activities. It reflects how previous capital investment decisions and those taken as part of the 2024/25 budget setting have ongoing implications for the Council and its financial position in the future.

3. INVESTMENT STRATEGY 2024/25

- 3.1. The Investment Strategy for 2024/25 is attached at appendix B and focuses on how the Council can support local services by making service or commercial investments.

4. TREASURY MANAGEMENT STRATEGY 2024/25

- 4.1. The Council is required to determine annually its Treasury Management Strategy (TMS). The TMS for 2024/25 financial year is attached at appendix C and includes the following:
- Annual Treasury Investment Strategy
 - Operational Boundary and Authorised Limits
- 4.2. The Council continues to maintain an under-borrowed position, which means the capital borrowing need (the Capital Financing Requirement) has not been fully funded with external loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. The strategy is prudent as investment returns are low and counterparty risk is relatively high. An under- borrowing position is forecast to continue.
- 4.3. The Council is required to operate a balanced budget, whereby cash raised during the year will meet the cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk appetite, providing adequate liquidity initially before considering investment return.
- 4.4. The second main function of the treasury management service is the funding of the Council's planned capital plans. These capital plans provide a guide to the borrowing need of the Council, informing the longer- term cash flow planning, to ensure the Council can meet its capital spending obligations.
- 4.5. The management of longer-term cash may involve arranging long or short-term loans or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet the Council risk or cost objectives.
- 4.6. The treasury strategy has been informed by the current capital programme and updates to the programme as included within the budget report which is being recommended elsewhere on the agenda.
- 4.7. The revenue implications of the strategy have been included in the General Fund and HRA budgets for 2024-25

5. FINANCIAL IMPLICATIONS

- 5.1. The strategies set out the framework for Treasury Management investments and capital investments made in respect of service and commercial investment. Decisions in relation to specific capital investments will be presented for approval through the decision-making process as per the constitution and the financial implications would be determined for the capital investments as part of the business case for approval.
- 5.2. The strategies are presented is in line with the approved 2024/25 budget as presented for approval in February 2024. As decisions are made in the year, this may impact on the strategies and the respective decision making and recommendations will take into account the strategies and recommend changes to them as applicable.

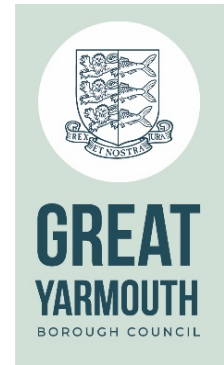
6. RISK IMPLICATIONS

- 6.1. These are detailed within the Strategy documents.

7. BACKGROUND PAPERS

- 7.1. Asset Management Strategy

Area for consideration Comment	Comment
Monitoring Officer Consultation	Via ELT
Section 151 Officer Consultation	Report Author
Existing Council Policies See background papers	Within report
Financial Implications Within existing budgets	As detailed in report
Legal Implications (including human rights)	
Risk Implications	As detailed in report
Equality Issues/EQIA assessment	N/A
Details contained in strategy	
Crime & Disorder	
Every Child Matters	



Capital Strategy 2024/25

Author	Finance
Version No.	2024/25
Updated by	Financial Services Manager
Date of update	February 2024
Description of changes to this version	Annual update in line with budget
Document Status	Final as approved by Council TBC 2024

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CAPITAL STRATEGY 2024/25

1. INTRODUCTION

- 1.1. This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.
- 1.2. Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

2. CAPITAL EXPENDITURE AND FINANCING

- 2.1. Capital expenditure is where the Authority spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Authority has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year. Further details of the capital accounting policies of the Council are provided as part of the Statement of Accounts which are available at <https://www.great-yarmouth.gov.uk/article/2466/Budgets-and-spending>
- 2.2. In 2024/25, the Authority is planning capital expenditure of £77.92m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget
General Fund services	17.99	28.79	67.14	21.17	4.01
Council housing (HRA)	11.50	15.94	16.36	13.60	14.66
Capital investments	0.24	2.68	4.08	7.0	0.0
TOTAL	29.73	47.41	87.58	41.77	18.67

- 2.3. The main General Fund capital projects include:
 - Loans to and share purchase in the Council's wholly owned companies; Equinox Enterprise Ltd and Equinox Property Holdings.
 - The purchase of assets (e.g. vehicles and equipment) for lease to the Council's other subsidiary GYS Limited.
 - North Quay Redevelopment
 - Market Realm Redevelopment
 - Wintergardens Restoration
 - Conversion of former Palmers Department store to Learning Hub

- 2.4. The Council has secured Town Deal, Future High Streets and Levelling Up Funding for the regeneration of Great Yarmouth town centre. Funding of £54m has been confirmed and project budgets have been included in the programme. Details on costs, plans and timing of the projects within the funding envelope available are still subject to change. The capital programme will therefore be amended or updated during the year as projects develop further
- 2.5. The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore 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.
- 2.6. 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*.
- 2.7. **Governance:** Heads of Service bid annually in October to include projects in the Council's capital programme. Bids are collated by finance who calculate the financing cost (which can be nil if the project is fully externally financed). The Council's Executive Leadership Team appraises all bids based on a comparison of service priorities against financing costs and identifies projects to be put forwards as part of the annual budget setting and those that will be considered separately via a subsequent business case. The final capital programme is then presented to Cabinet and Council in February each year as part of the approval of the budget for the coming financial year.
- 2.8. For full details of the Authority's capital programme, including the project appraisals undertaken, see: <https://www.great-yarmouth.gov.uk/article/2466/Budgets-and-spending>.
- 2.9. It should be noted that other capital projects may be brought forward during the financial year as business cases which are initially appraised by Executive Leadership Team before being passed for approval to Cabinet. Those capital projects costing over £100,000 would then go onto to Council for final approval. The business cases put forward to Executive Leadership Team have been considered for affordability by Finance and, if relating to an IT project, the IT Investment Group.
- 2.10. All capital expenditure must be financed, either from external sources (government grants and other contributions), the Authority's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

General Fund	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget
External sources	11.21	20.09	44.80	12.43	1.30
Own resources	1.04	3.81	8.73	0.0	0.0
Debt	5.98	7.57	17.68	15.74	2.71
Total	18.23	31.47	71.21	28.17	4.01
Housing Revenue Account	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget
External sources	2.45	1.88	2.36	2.36	2.36
Own resources	7.26	10.86	9.55	7.22	7.43
Debt	1.79	3.20	4.45	4.02	4.87
Total	11.50	15.94	16.36	13.60	14.66
TOTAL	29.73	47.41	87.58	41.77	18.67

2.11. Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

Table 3: Replacement of debt finance in £ millions

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget
Own resources	1.560	2.044	2.280	2.556	2.638

2.12. The Authority's full minimum revenue provision statement is available here as part of the budget for the year: <https://www.great-yarmouth.gov.uk/article/2466/Budgets-and-spending>

2.13. The Authority'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 CFR is expected to increase by £19.85m during 2024/25. Based on the above figures for expenditure and financing, the Authority's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget	31.3.2027 budget
General Fund services	74.27	77.72	86.17	93.25	93.02
Council housing (HRA)	91.31	94.51	98.96	102.98	107.84
Capital investments	2.15	4.22	11.18	17.29	17.60
TOTAL CFR	167.73	176.45	196.31	213.51	218.45

- 2.14. **Asset management:** To ensure that capital assets continue to be of long-term use, the Authority has an asset management strategy in place. The primary aim of the asset management strategy is to support the corporate priorities, achieve service requirements and comply with statutory duties by setting out the vision to improve the management and utilisation of the Council’s land and buildings. The strategy provides the basis for developing a more robust and integrated approach to asset management across the Council.
- 2.15. The asset management strategy promotes collaboration and visibility of resources as well as embedding a culture of scrutiny that will challenge the use, effectiveness and retention of the land and building assets of the council. The strategy outlines the vision and long-term approach to improve the recognition, management and utilisation of land and buildings.
- 2.16. The Council’s asset management strategy can be found here: [Corporate Asset Management Strategy 2018-2022](#)
- 2.17. **Asset Management Working group:** The purpose of the group is to monitor and manage asset projects for the Council. The group meets on a monthly basis. The group undertakes to review assets in relation to opportunities, developments and disposal ensuring the assets of the Council are used to the best effect. Any recommendations from the group are then formulated into report or business cases for the Consideration by the Executive Leadership team and then by Cabinet or Council as appropriate.
- 2.18. **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Authority plans to receive £16.1m of capital receipts in the coming financial year as follows:

Table 5: Capital receipts receivable in £ millions

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget
General Fund Asset sales	1.3	2.0	14.3	2.9	0.5
General Fund Loans etc repaid	0.2	0.1	0.1	0.1	0.1
Housing revenue Account Asset sales	2.6	1.5	1.7	1.3	1.4
TOTAL	4.1	3.6	16.1	4.3	2.0

3. TREASURY MANAGEMENT

- 3.1. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Authority's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Authority is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 3.2. Due to decisions taken in the past in relation to capital and financing decisions with the General Fund and the Housing Revenue Account, the Council currently has £122.5m borrowing at interest rates between 3.15% to 5.7% and £15.9m treasury investments at interest rates between 0.3% and 5.3%.
- 3.3. **Borrowing strategy:** The Authority's main objectives when borrowing is to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Authority therefore seeks to strike a balance between cheaper short-term loans (currently available at around 5.3% to 5.6%) and long-term fixed rate loans where the future cost is known but higher (currently 4.42% to 5.29%).
- 3.4. The Authority does not borrow to invest for the primary purpose of financial return and therefore retains full access to the Public Works Loans Board
- 3.5. Projected levels of the Authority's total outstanding debt (which comprises borrowing, leases and transferred from local government reorganisation) are shown below, compared with the capital financing requirement (see above).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget
Debt (incl. leases)	122.16	118.92	128.69	141.05	149.51
Capital Financing Requirement	167.73	176.45	196.31	213.51	218.45

- 3.6. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Authority expects to comply with this in the medium term.
- 3.7. **Liability benchmark:** To compare the Authority’s actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing.
- 3.8. **Affordable borrowing limit:** The Authority is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.
- 3.9. The liability benchmark, affordable borrowing limits and further details on borrowing are included within the treasury management strategy at: <https://www.great-yarmouth.gov.uk/policies>
- 3.10. **Treasury investment strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
- 3.11. The Authority’s policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which investments to buy and the Authority may request its money back at short notice.

Table 8: Treasury management investments in £millions

	31.3.2023 actual	31.3.2024 forecast	31.3.2025 budget	31.3.2026 budget	31.3.2027 budget
Near-term investments	12.31	12.00	12.00	12.00	12.00
Longer-term investments	0.87	1.00	1.00	1.00	1.00
TOTAL	13.18	13.00	13.00	13.00	13.00

- 3.12. Further details on treasury investments are in the treasury management strategy <https://www.great-yarmouth.gov.uk/policies>.
- 3.13. The near-term investment balance incorporates the £10m investment balance that needs to be held to ensure the Council maintains its professional client status under the Markets in Financial Instruments Directive (MiFID II) requirements.
- 3.14. **Risk management:** The effective management and control of risk are prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.
- 3.15. **Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Section 151 Officer and staff, who must act in line with the treasury management strategy approved by Council. The Section 151 Officer assesses our investment levels to ensure we retain our status as a professional client under MiFID II in order to provide security of capital, access to better investment returns and borrowing rates.
- 3.16. Quarterly reports on treasury management activity will be presented to Members during 2024/25. Cabinet is responsible for scrutinising treasury management decisions.

4. INVESTMENTS FOR SERVICE PURPOSES

- 4.1. The Council has investments in its subsidiaries (GYS Limited (in the form of leases), Equinox Enterprises Limited (EEL) and Equinox Property Holdings (EPH) in the form of loans), local charities, local businesses, and local residents (in the form of home improvement loans), to support local public services and stimulate local economic growth. The Council also holds shares in EEL & EEH.
- 4.2. Details of the loans and shares in subsidiaries can be found in the Council's Investment Strategy, which is available at <https://www.great-yarmouth.gov.uk/policies>
- 4.3. Details of the Council's discretionary Home Improvement loans are given with the Private Sector Housing Adaptation and Improvement (2021) policy which is available at [Private Sector Adaptations and Improvement Policy](#)
- 4.4. Home Improvement loans made are equity loan agreements, so the Council obtains a share of the equity of the borrower's home as collateral. This reduces the risk of the Council not recovering the loan amount from the borrower.
- 4.5. Discretionary loans to charities are decided by the Cabinet if the spend is below £100,000 or Council if over this amount. These loans incur interest charges which are set at a market rate to reflect the costs and the level of risks. These loans are equity loans to again to reduce the risk of a borrower defaulting on payment in line with the loan agreement.

5. COMMERCIAL ACTIVITIES

- 5.1. The Council has invested historically in commercial property and holds a significant asset base for financial gain and to support regeneration. Total commercial property investments are currently valued at £49m as at 31st March 2023. which provide a net return after all direct costs of £3m
- 5.2. The Council can accept a higher risk on its historic commercial investment than with treasury investments. The principal risk exposures include:
 - vacancies;

- fall in capital value;
- lessee not complying with repairs and maintenance terms of lease agreement;
- changes in demand for property types (e.g. offices, industrial)

- 5.3. These risks are managed by the Councils Property and Asset Management service and Finance.
- 5.4. **Governance:** Future decisions on historic commercial investments, including potential disposals, will be made following consideration of robust business cases for approval in line with the current decision-making governance arrangements. Future spend on historic commercial investments will be capital expenditure and will therefore also be approved as part of the capital programme.
- 5.5. The Authority also has commercial activities in its subsidiary companies Equinox Enterprises Limited (EEL) and Equinox Property Holdings Limited (EPH). The companies aim is to increase, regenerate and improve the standard of housing across the borough, whilst at the same time aiming to generate a return to at least break even. The Council receives a margin of earned debt interest from the loan facilities with EPH and EEL. All loans for EPH are secured against the properties purchased by the company. The Council will also receive a return on equity invested which reflects profits back from the company's operation of property sales and market rental income from housing acquired. This return is through dividends paid to the Council once profits and reserves of the companies allows.
- 5.6. Both Equinox companies regularly review risk using Corporate and Project Risk Registers. The company boards hold bi-monthly meetings throughout the financial year.
- 5.7. Equinox Enterprises Limited and Equinox Property Holdings Limited are required to agree their respective Business Plans annually. They also provide the Council as shareholder's regular update reports as presented to Cabinet.
- 5.8. The authority does not intend to make any future investment in commercial property assets for the primary purpose of generating a yield.

6. LIABILITIES

- 6.1. In addition to debt of £128.69m detailed above, the Authority is committed to making future payments to cover its pension fund deficit (valued at £15.5m as at 31st March 2023). It has also set aside £2.3m to cover risks of Non-domestic Rate appeals (as at 31st March 2023). At the time of writing, the Council has no contingent liabilities.
- 6.2. **Governance:** Decisions on incurring new discretionary liabilities are taken by Head of Service in consultation with the S151 Officer. The risk of liabilities crystallising and requiring payment is monitored by Finance and where significant would be reported as part of budget monitoring reports present quarterly to Cabinet. New liabilities exceeding £1m are reported to full council for approval/notification as appropriate.
- 6.3. Further details on liabilities and guarantees are included within the draft 2020/21 statement of accounts at <https://www.great-yarmouth.gov.uk/article/2466/Budgets-and-spending>

7. REVENUE BUDGET IMPLICATIONS

- 7.1. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. 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.

Table 9: Prudential Indicator: Proportion of financing costs to net revenue stream

	2022/23 actual	2023/24 forecast	2024/25 budget	2025/26 budget	2026/27 budget
Financing costs (£m)	£2.2	£3.6	£4.3	£4.7	£4.7
Net Revenue Stream (£m)	£12.8	£15.3	£16.1	£16.4	£14.0
Proportion of net revenue stream	17.34%	23.73%	26.73%	28.58%	33.84%

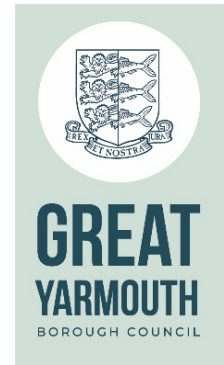
7.2. Further details on the revenue implications of capital expenditure are included in the 2024/25 revenue budget at <https://www.great-yarmouth.gov.uk/article/2466/Budgets-and-spending>

7.3. **Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Section 151 Officer is satisfied that the proposed capital programme is prudent, affordable and sustainable because current and new capital funding decisions have been made in the context of the associated revenue implications.

8. KNOWLEDGE AND SKILLS

8.1. The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Section 151 Officer is a qualified accountant with over 15 years' experience and the Finance Manager is a qualified accountant with over 10 years' experience. The Councils' Property and Asset Management team includes 2 Charter Surveyors (MRICS) who are also registered valuers each with over 10 years' experience. The Council pays for relevant staff to study towards relevant professional qualifications including MRICS, ACCA and AAT.

8.2. Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers and PS Tax as VAT and tax advisors. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.



Investment Strategy Statement 2024/25

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INVESTMENT STRATEGY 2024/25

1. INTRODUCTION

- 1.1 The Authority invests its money for three broad purposes:
- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
 - to support local public services by lending to or buying shares in other organisations (service investments), and
 - to earn investment income (known as commercial investments where this is the main purpose).
- 1.2 This investment strategy meets the requirements of statutory guidance issued by the government and focuses on the second and third of the above categories.

2. TREASURY MANAGEMENT INVESTMENTS

- 2.1 The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate during 2024/25, with an average investment of £16m anticipated for the financial year.
- 2.2 **Contribution:** The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.
- 2.3 **Further details:** Full details of the Authority's policies and its plan for 2024/25 for treasury management investments are covered in a separate document, the treasury management strategy, available here: <https://www.great-yarmouth.gov.uk/policies>

3. SERVICE INVESTMENT LOANS

- 3.1 **Contribution:** The Council lends money (including finance leases to acquire assets) to its subsidiaries (GYS Limited, Equinox Enterprises Limited and Equinox Property Holdings) local charities, local businesses, and local residents (in the form of home improvement loans), to support local public services and stimulate local economic growth.
- 3.2 The loans made to Equinox Enterprises Limited and Equinox Property Holdings, as the subsidiaries of the Council, form part of investment in the company to provide an initial cash injection to enable the company to become established. The purpose of Equinox Enterprises Limited is to develop housing for sale (including affordable homes) and the purpose of Equinox Property Holdings is to provide quality rental housing in the borough. This supports the Council's objective within the Corporate Plan 2020-2025 to provide a mix of attractive good quality housing for all sectors of the workforce and community that is fit for purpose for all and meet both the borough's existing and future needs.
- 3.3 The Council is providing assets to its other subsidiary, GYS Limited, via finance leases to provide it with the fleet (e.g. refuse vehicles) and other equipment it requires to deliver its service to Council. The company delivers grounds maintenance, cleaning services including public toilets, streets, and beaches, and waste and recycling collection services.

- 3.4 Discretionary loans are granted to local charities and businesses, this will be following a decision by Cabinet and /or Council as applicable. In line with the Corporate Plan 2020-2025 these loans are granted to support the local charities and businesses that assist in improving the communities and facilities in the borough. The rates for service loans will be set at appropriate rates that reflect counterparty risks and duration.
- 3.5 The Council has a responsibility to address private sector housing that is in poor condition or needs adaptations to meet the needs of those with disabilities. The Council also has an objective within the Corporate Plan 2020-2025 to provide help early, when people need public health and care, to prevent avoidable problems and to help more people to help themselves as well as tackling challenges within communities. Home improvement loans help residents to redress housing issues that impact on their health. The home improvement loans are made from a recycling pot following repayment of loans made as part of prior year capital programme allocations.
- 3.6 **Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes in £ millions

Category of borrower	31/3/23 Actuals			2024/25
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries: GYS Limited, Equinox Enterprises Limited and Equinox Property Holdings	0.18	0.00	0.18	12.00
Local Charities	0.66	0.00	0.66	1.00
Local Businesses	0.11	0.00	0.11	0.20
Local Residents (Home Improvement Loans)	2.03	0.00	2.03	3.00
TOTAL	2.98	0.00	2.98	16.20

*loans, except for those to local residents, will be subject to Council/Cabinet approval during the year if not already agreed.

- 3.7 Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments. It should be noted that both the loans to local charities and local residents are equity loan agreements, so the Council obtains a share of the equity of the borrower's property as collateral. This reduces the risk of the Council not recovering the loan amount from the borrower and occasionally generates a small surplus depending on the agreement type used. On occasions where a loan to a local business would clearly meet the service objectives of the council, loans would be given on market terms. These loans will be made with due attention to the risk to the council, and the rate of interest charged on the loan

will be commensurate with the security provided, the duration of the loan and the risk of default (i.e., non-repayment).

- 3.8 **Risk assessment:** The Authority assesses the risk of loss before entering, and whilst holding service loans by undertaking due diligence proportionate to the level of the loan being granted to mitigate as far as possible any risks of non-recovery. This will also include taking external advice as applicable, such as discussion with NP Law as part of the loan agreement process.

4. SERVICE INVESTMENTS: SHARES

- 4.1 **Contribution:** The Council has shares in Equinox Enterprises Limited and Equinox Property Holdings as its subsidiaries. The Council invests in its subsidiaries to enable them to develop affordable and quality housing within the borough and with the aim of them providing a return on the investment. For information GYS Limited is a company limited by guarantee, so will have Members rather than shareholders and will therefore hold no share capital.
- 4.2 **Security:** One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Table 2: Shares held for service purposes in £ millions

	31/3/23 Actuals			2024/25
Category of company	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Equinox Enterprises Limited (Subsidiary)	2.23	0.00	2.23	3.00
Equinox Property Holdings (Subsidiary)	0.06	0.00	0.06	3.00

- 4.3 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding shares by undertaking the appropriate due diligence. As further contracts and opportunities are considered, the company's performance will inform the risk assessment.
- 4.4 **Liquidity:** Any new investment proposal will be considered for approval via the appropriate decision-making route in line with the council's Constitution.
- 4.5 **Non-specified Investments:** Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

5. COMMERCIAL INVESTMENTS: PROPERTY

- 5.1 **Contribution:** The council owns a varied portfolio of commercial properties including seafront concessions, warehouses, workshops, offices and industrial units across the borough. These form a significant element of the council's asset management plan which is available here: <https://www.great-yarmouth.gov.uk/article/3222/Plans-and-performance>

Table 3: Property held for investment purposes in £ millions

Property	31/3/23 Actual		31/3/24 Expected	
	Gains or (losses)	Value in accounts	Gains or (losses)	Value in accounts
Offices	(1.0)	4.7	0.2	4.9
Corporate Estates	(0.2)	39.2	0.2	39.4
Seafront Concessions	0.0	4.7	0	4.7
TOTAL	(1.3)	48.6	0.4	49.0

5.2 **Security:** In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

5.3 A fair value assessment of the Authority’s investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2023/24 year end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to full council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

5.4 **Risk assessment:** The Council’s internal Property and Asset Management team includes members of the Royal Institution of Chartered Surveyors (MRICS) and they assess the risk of continuing to hold the current property investments. They do this in a number of ways including engaging external advisors, agents and reference to quality financial/property press when required. In doing this they assess the market that the investment is competing in, the nature and level of competition, along with expectations on how the market/customer needs will evolve over time, barriers to exit, and any ongoing investment requirements. The strategic objectives are designed to mitigate risk by:

- The Council’s fundamental aim of revenue income or a capital return;
- Having a portfolio approach to avoid concentration of risk in any one property, tenant or risk type.

The Council has not invested in commercial properties outside of the borough and does not intend to make any further investment in additional commercial property with the primary purpose of generating a yield. Changes within the prudential code have imposed restrictions on the Council’s ability to borrow for capital expenditure on developing or purchasing investment properties (i.e. primarily for yield) which have influenced this decision.

5.5 **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Authority do not rely on capital receipts to finance the capital programme. Any capital receipts received will be used to reduce the borrowing requirement within the financial year they are received.

6. LOAN COMMITMENTS AND FINANCIAL GUARANTEES

6.1 The Authority has committed to make up to £10.5m of loans to its subsidiaries Equinox Enterprises Limited (£7.5m, approved by Council 21st July 2022) & Equinox Property Holdings (£3m, approved by Council 23rd June 2022). These loans will be drawn down over the next three financial years in line with the companies' business plans and approval for further loans will be sought as required from 2024/25 onwards. The Council does not have any financial guarantees, nor does it intend to make any.

7. PROPORTIONALITY

7.1 The Authority achieves a balanced revenue budget incorporating surpluses generated from investment activity. Table 4 below shows the extent to which the expenditure planned to meet the service delivery objectives and/or the level that the Authority is dependent on achieving the expected net profit from investments over the lifecycle of the Medium-Term Financial Plan. Should it fail to achieve the expected net profit, the Authority's contingency plans for continuing to provide these services would be to undertake further review of the delivery and potential savings or to use reserves in the short-term.

Table 4: Proportionality of Investments

	2022/23 Actual	2023/24 Forecast	2024/25 Budget	2025/26 Budget	2026/27 Budget
Gross service expenditure	67.72	78.91	74.95	78.69	82.63
Investment income	2.10	2.13	3.80	3.95	4.11
Proportion	3.10%	2.69%	5.07%	5.02%	4.98%

8. BORROWING IN ADVANCE OF NEED

8.1 Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Authority would not follow this guidance if it was financial advantageous and only after undertaking due diligence to consider risks involved. Currently the Council has not borrowed in advance of need.

9. CAPACITY, SKILLS AND CULTURE

9.1 **Elected members:** Elected members are provided with training by our external advisors, Arlingclose. The Treasury Management Strategy and quarterly updates are presented to members during the financial year and should any queries arise these would be responded to by officers or advisors as applicable.

9.2 **Statutory officers:** Regular meetings are held throughout the year with our external advisors, Arlingclose. Officers working on a daily basis with investment decisions attend courses offered by both Arlingclose and CIPFA throughout the year. Arlingclose provide daily updates of changes in the market as well as providing staff with a contact for queries that arise.

9.3 **Commercial decisions:** Future decisions on historic commercial investments, including potential disposals, will be made following consideration of robust business cases for approval in line with the current decision-making governance arrangements. Future spend on historic

commercial investments will be capital expenditure and will therefore also be approved as part of the capital programme. Where applicable the Council would seek to engage external professional advisors, for example financial, property and legal advice.

- 9.4 **Corporate governance:** The Asset Working Group is made up of both finance and, property and asset management officers, who initially consider the future of current investment commercial properties, such as disposals or additional spend required. Regular progress reports on decisions taken are also reviewed by the group.
- 9.5 After initial consideration business cases are completed for the disposal or improvements to property investments, including undertaking due diligence and considering risks, and these form the basis for reports presented to Cabinet for approval.
- 9.6 Other investment decisions are based on the Treasury Management Strategy, with any changes reported for approval as required to Cabinet.

10. INVESTMENT INDICATORS

- 10.1 The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority’s total risk exposure as a result of its investment decisions.
- 10.2 Total risk exposure: The first indicator shows the Authority’s total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third-party loans.

Table 5: Total investment exposure in £millions

Total investment exposure	31.03.2023 Actual	31.03.2024 Forecast	31.03.2025 Forecast
Treasury management investments	13.18	13.00	13.00
Service investments: Loans	2.98	6.09	14.36
Service investments: Shares	2.29	2.96	5.48
Commercial investments: Property*	48.58	49.00	49.50
TOTAL INVESTMENTS	67.03	71.05	82.34
Commitments to lend	0.00	0.00	0.00
TOTAL EXPOSURE	67.03	71.05	82.34

* Through its significant asset base, the Council has invested historically in commercial property for financial gain and to support regeneration.

- 10.3 **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Authority’s investments are funded by usable reserves and income received in advance of expenditure.

Table 6: Investments funded by borrowing in £millions

Investments funded by borrowing	31.03.2023 Actual	31.03.2024 Forecast	31.03.2025 Forecast
Treasury management investments	0.00	0.00	0.00
Service investments: Loans	0.18	2.26	7.55
Service investments: Shares	1.97	2.04	3.70
Commercial investments: Property *	15.30	15.13	14.93
TOTAL FUNDED BY BORROWING	17.45	19.43	26.18

* Commercial Investments – The portfolio of commercial investment properties are historic assets which the Council owns or has an interest in for which it is not possible to quantify the level of funding by borrowing. The figures quoted relate to the investments made since 2008/09.

10.4 **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 7: Investment rate of return (net of all costs)

Investments net rate of return	2022/23 Actual	2023/24 Forecast	2024/25 Forecast
Treasury management investments	2.67%	2.47%	4.95%
Service investments: Loans	2.95%	1.28%	1.32%
Service investments: Shares	0.00%	0.00%	0.00%
Commercial investments: Property	3.20%	3.28%	5.71%
ALL INVESTMENTS	8.82%	7.02%	11.98%

10.5 The treasury management investment returns above reflects the increase in interest rates that are expected to continue in the short term. The loan return is anticipated to increase from 2023/24 as new loans are provided to Equinox Enterprises Limited and Equinox Property Holdings, but the full effect of this will not be seen until after 2024/25. No dividends are due to be paid by any of the Council's subsidiaries in either 2023/24 or 2024/25.

Table 8: Other investment indicators

Indicator	2022/23 Actual	2023/24 Forecast	2024/25 Forecast
Debt to net service expenditure ratio	2.23%	4.29%	4.39%
Commercial income to net service expenditure ratio	46.18%	33.00%	35.28%



Treasury Management Strategy Statement 2024/25

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Treasury Management Strategy Statement 2024/25

1. INTRODUCTION

- 1.1 Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed 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 financial risk are therefore central to the Council's prudent financial management.
- 1.2 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.
- 1.3 Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy: <https://great-yarmouth.gov.uk/policies>

2. CURRENT POSITION AND PROJECTION

- 2.1 On 31st December 2023, the Council held £122.5m of borrowing and £15.9m of treasury investments. Table 1 below provides a summary of the Council's treasury portfolio as at the end of December 2023.

Table 1 - Existing Investment & Debt Portfolio Position	31/12/2023 Actual portfolio £m	31/12/2023 Average rate %
External borrowing:		
Public Works Loan Board	£71.386	3.15-3.40%
Local authorities (long-term)	£1.026	4.44%
Local authorities (short-term)	£40.100	4.22-5.70%
LOBO loans from banks	£3.000	4.95%
Other loans	£7.000	3.35-3.98%
Total external borrowing	£122.512	
Treasury investments:		
Local authorities	£9.000	0.30-0.40%
Banks (unsecured)	£0.600	0.35%
Money market funds	£5.265	5.29-5.30%
Strategic pooled	£1.000	3.74%
Total treasury investments	£15.865	
Net debt	£106.647	

2.2 Future borrowing is shown below in the balance sheet analysis in table 2. The forecast changes in these sums have been informed by future housing revenue account and the general fund capital programmes and are detailed in the Capital Strategy.

Table 2: Balance sheet summary and forecast	31.3.23 Actual £m	31.3.24 Estimate £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
General Fund CFR	£76.422	£81.948	£97.352	£110.539	£110.614
HRA CFR	£91.306	£94.507	£98.955	£102.976	£107.840
Total CFR	£167.728	£176.455	£196.307	£213.515	£218.545
Less: Other debt liabilities *	(£0.676)	(£0.531)	(£0.404)	(£0.273)	(£0.228)
Loans CFR	£167.052	£175.924	£195.903	£213.242	£218.226
Less: External borrowing **	(£121.486)	(£118.386)	£82.282	£82.173	£82.059
Internal (over) borrowing	£45.566	£57.538	£113.621	£131.069	£136.167
Less: Balance sheet resources	(£45.733)	(£31.727)	(£25.176)	(£18.320)	(£11.541)
(Treasury investments) /or New borrowing	(£0.167)	£25.811	£88.445	£112.749	£124.626

* leases liabilities that form part of the Council's total debt

** shows only loans to which the Council is committed and excludes optional refinancing

2.3 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

2.4 The Council has an increasing CFR due to the timings of the approved capital programme, but minimal investments and will therefore be required to borrow up to an additional £124.6m over the forecast period.

2.5 CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 2 shows that the Council expects to comply with this recommendation during 2024/25, and Appendix C illustrates the Operational Boundary and Authorised Limits.

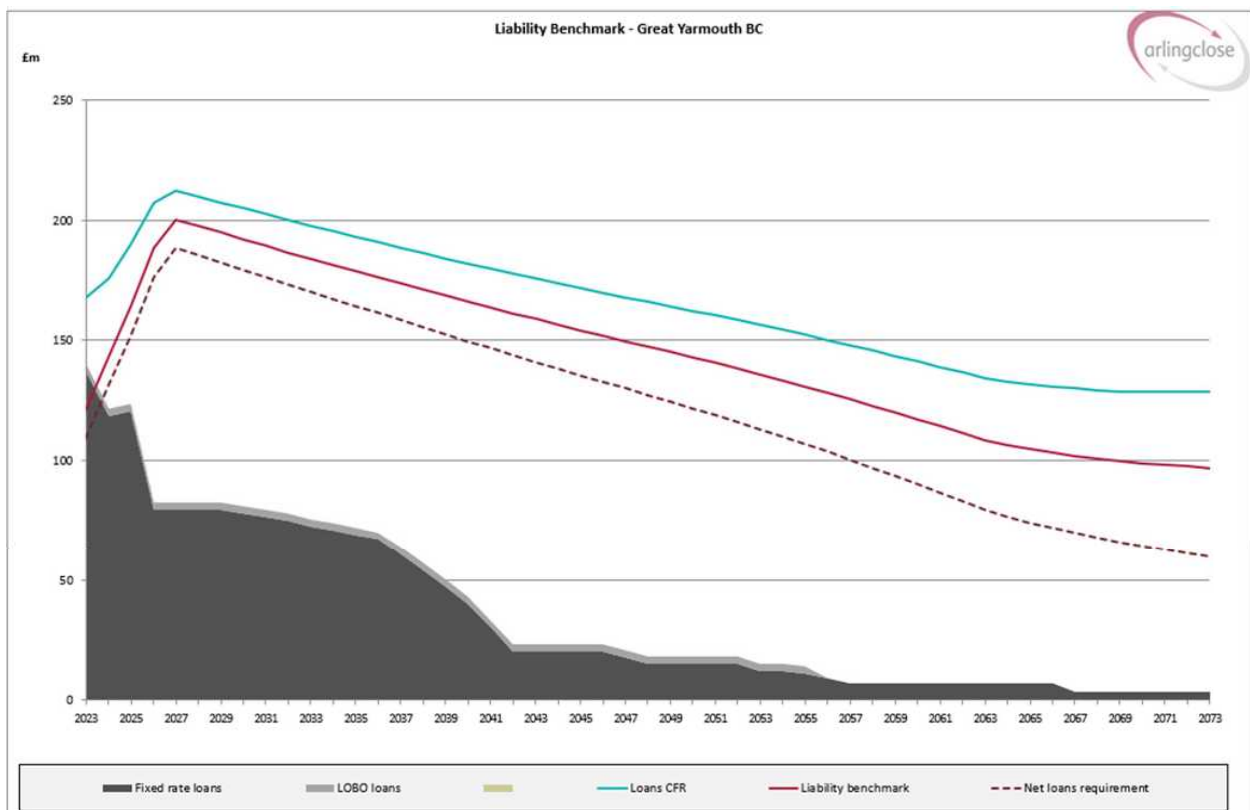
2.6 **Liability benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 2 above, but that cash and investment balances are kept to a minimum level of £12m at each year-end to maintain sufficient liquidity but minimise credit risk.

2.7 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. The liability benchmark itself 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 required to manage day-to-day cash flow.

Table 3: Prudential Indicator Liability benchmark	31.3.23 Actual £m	31.3.24 Estimate £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
Loans/CFR*	£167.052	£175.924	£195.903	£213.242	£218.226
External Borrowing	(£121.486)	(£118.386)	(£82.282)	(£82.173)	(£82.059)
Less: Balance sheet resources (including working capital)	(£45.733)	(£31.727)	(£25.176)	(£18.320)	(£11.541)
Investments (New Borrowing)	(£0.167)	£25.811	£88.445	£112.749	£124.626
Plus: Liquidity allowance	£12.000	£12.000	£12.000	£12.000	£12.000
Liability benchmark	£11.833	£37.811	£100.445	£124.749	£136.626

*CFR above includes adjustments for long term liabilities.

2.8 Following on from the medium-term forecasts in table 3 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 2024/25 budget and forecasts. This is shown in the chart below together with the maturity profile of the Authority's existing borrowing:



2.9 The chart above allows a comparison of current borrowing against the need to borrow, looking at both the amount (on the y axis) and the term (on the x axis). Where actual loans exceed the liability benchmark, the authority can make long-term investments for cash flow management or repay loans early; where the liability benchmark exceeds loans, the authority can take long-term borrowing or sell investments.

3 Borrowing Strategy

- 3.1 The Council currently holds £122.5 million of loans (table 1), an increase of £20 million on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 2 shows that the Council expects to borrow up to £88.4m in 2024/25 if it used all of its internal resources (i.e. usable reserves and working capital shown in table 2). This net borrowing requirement will rise by £24.3m to £112.7m by 2025/26.
- 3.2 **Objectives:** The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.
- 3.3 **Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.
- 3.4 By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2024/25 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 3.5 The Council has previously raised the majority of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.
- 3.6 Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 3.7 In addition, the Council may borrow further short-term loans to cover unplanned cash flow shortages.
- 3.8 Sources of borrowing: The approved sources of long-term and short-term borrowing are:
- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
 - UK Infrastructure Bank Ltd
 - any institution approved for investments (see below)
 - any other bank or building society authorised to operate in the UK
 - any other UK public sector body
 - UK public and private sector pension funds (except Norfolk Pension Fund)
 - capital market bond investors
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
- 3.9 Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback
- similar asset based finance

3.10 **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Council.

3.11 **LOBOs:** The Council holds £3m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost and with interest rates having risen recently, there is now a reasonable chance that lenders will exercise their options. If they do, the Council will take the option to repay LOBO loans to reduce refinancing risk in later years. The next date for this option is 2 November 2024.

3.12 **Short-term and variable rate loans:** These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.

3.13 **Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

4 **TREASURY INVESTMENT STRATEGY**

4.1 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's treasury investment balance average has been £16m, and similar levels are expected to be maintained in the forthcoming year.

4.2 **Objectives:** The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's 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. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

- 4.3 **Strategy:** As demonstrated by the liability benchmark above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily 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 sectors and boost investment income.
- 4.4 **ESG policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Authority's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.
- 4.5 **Business models:** Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.
- 4.6 **Approved Counterparties:** The Council may invest its surplus funds with any of the counterparty types in table 4 below, subject to the limits shown.

Table 4: Treasury investment counterparties and limits			
Sector	Time Limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	2 years	£3m (per Council)	Unlimited
Secured investments *	5 years	£3m	Unlimited
Banks (unsecured) *	1 year	£1.6m	Unlimited
Building societies (unsecured) *	1 year	£1.5m	£1.5m
Registered providers (unsecured) *	5 years	£1.5m	£3m
Money market funds *	n/a	£5m	Unlimited
Strategic pooled funds	n/a	£3m	£6m
Other investments *	2 years	£1m	£2m

This table must be read in conjunction with the notes below

** Minimum **credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.*

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £1.5m per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.

- 4.7 **Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.
- 4.8 **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.
- 4.9 **Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
- 4.10 **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.
- 4.11 **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 4.12 **Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. 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 will be monitored regularly.
- 4.13 **Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.
- 4.14 **Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept as low as possible without affecting operations. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

- 4.15 **Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Council’s treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 4.16 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “negative watch”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn [on the next working day] will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.
- 4.17 The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council’s treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 4.18 **Reputational aspects:** The Council is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.
- 4.18 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020 and 2022 this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council’s cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.
- 4.19 **Investment limits:** The Council’s revenue reserves available to cover investment losses are forecast to be £15 million on 31st March 2024 and £9 million on 31st March 2025. In order to reduce the risk of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £3 million, other than Money Market Funds which the limit set is £5 million, strategic pooled funds which the limit per fund is £3 million and for UK central government where there is no limit. A group of entities under the same ownership will be treated as a single organisation for limit purposes.
- 4.20 Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £1.5 million in operational bank accounts count against the relevant investment limits, allowing £100,000 retained for operational purposes.

- 4.21 Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country since the risk is diversified over many countries.

Table 5: Additional investment limits	Cash limit
Any group of pooled funds under the same management	£8m per manager
Negotiable instruments held in a broker's nominee account	£5m per broker
Foreign countries	£1.5m per country

- 4.22 **Cash Flow/Liquidity management:** The Council's officers maintain a detailed cash flow forecast for each coming year revising it as more information becomes available. This informs the short-term investments such as those to pay precept payments. The forecast is compiled on a prudent basis with receipts being under-estimated and payments over-estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. The long-term investment strategy is based on the Council's medium term strategy.
- 4.23 The Council will spread its liquid cash over at least three providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

5 Treasury Management Prudential Indicators

5.1 The Council measures and manages its exposures to treasury management risks using the following indicators.

5.2 **Interest rate exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit £000
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£200
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	(£200)

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

5.4 **Maturity structure of borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit	As at 31/12/23
Under 12 months	50%	0%	35%
12 months and within 24 months	50%	0%	0%
24 months and within 5 years	60%	0%	0%
5 years and within 10 years	80%	0%	7%
10 years and above	100%	0%	57%

5.5 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.

5.6 **Long-term treasury management investments:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2024/25	2025/26	2026/27	No fixed date
Limit on principal invested beyond year end	£6m	£6m	£6m	£1m

5.7 Long-term investments with no fixed maturity date include strategic pooled funds but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

6. OTHER TREASURY MANAGEMENT ISSUES

6.1 The CIPFA Code requires the Council to include the following in its treasury management strategy.

6.2 **Financial derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

6.3 The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be

subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

- 6.4 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.
- 6.5 In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
- 6.6 **Housing Revenue Account:** The policy on apportioning interest for HRA - on 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. Annually a calculation is performed to allocate interest between the General Fund and HRA.
- 6.7 **Markets in Financial Instruments Directive (MiFID II):** The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but with the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

7. Financial Implications

- 7.1 The budget for treasury investment income in 2024/25 is £775k based on an average investment portfolio of £16m. The majority of which is invested in low risk short term investments with interest rates between 0.30%-5.30%. A further £1m is invested in a long-term pooled investment fund where the value changes with market prices and have a notice period. The budget for debt interest paid for the General Fund is £2.012m and HRA is £4.175m in 2024/25. Actual levels of investments and borrowing, and actual interest rates are monitored during the year as part of the budget monitoring process.
- 7.2 **Other Options Considered** - The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Section 151 Officer believes that the strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the

Alternative	Impact on income and expenditure	Impact on risk management
		medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix A

Economic background and interest rate forecast

The impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, will be major influences on the Authority's treasury management strategy for 2024/25.

The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level for the rest of 2023, members of the BoE's Monetary Policy Committee voted 6-3 in favour of keeping Bank Rate at 5.25%. The three dissenters wanted to increase rates by another 0.25%.

The November quarterly Monetary Policy Report (MPR) forecast a prolonged period of weak Gross Domestic Product (GDP) growth with the potential for a mild contraction due to ongoing weak economic activity. The outlook for CPI inflation was deemed to be highly uncertain, with near-term risks to CPI falling to the 2% target coming from potential energy price increases, strong domestic wage growth and persistence in price-setting.

Office for National Statistics (ONS) figures showed CPI inflation was 3.9% in November 2023, down from a 4.6% rate in the previous month and, in line with the recent trend, lower than expected. The core CPI inflation declined to 5.1% from the previous month's 5.7%, again lower than predictions. Looking ahead, using the interest rate path implied by financial markets the BoE expects CPI inflation to continue falling slowly, but taking until early 2025 to reach the 2% target before dropping below target during the second half 2025 and into 2026.

ONS figures showed the UK economy grew by 0.1% between July and September 2023. The BoE forecasts GDP will likely stagnate through 2024. The BoE forecasts that higher interest rates will constrain GDP growth, which will remain weak over the entire forecast horizon.

The labour market appears to be loosening, but only very slowly. The unemployment rate rose slightly to 4.2% between June and August 2023, from 4.0% in the previous 3-month period, but the lack of consistency in the data between the two periods made comparisons difficult. Earnings growth remained strong, but has showed some signs of easing; regular pay (excluding bonuses) was up 7.3% over the period and total pay (including bonuses) up 7.2%. Adjusted for inflation, regular pay was 1.4% and total pay 1.3%. Looking forward, the MPR showed the unemployment rate is expected to be around 4.25% in the second half of calendar 2023, but then rising steadily over the forecast horizon to around 5% in late 2025/early 2026.

Having increased its key interest rate to a target range of 5.25-5.50% in August 2023, in August 2023, the US Federal Reserve appears now to have concluded the hiking cycle. It is likely this level represents the peak in US rates following a more dovish meeting outcome in December 2023. US GDP grew at an annualised rate of 4.9% between July and September 2023, ahead of expectations for a 4.3% expansion and the 2.1% reading for Q2. But the impact from higher rates has started to feed into economic activity and growth will weaken in 2024. Annual CPI inflation was 3.1% in November.

Eurozone inflation has declined steadily since the start of 2023, falling to an annual rate of 2.4% in November 2023. Economic growth has been weak and GDP contracted by 0.1% in the three months to September 2023. In line with other central banks, the European Central Bank has increased rates, taking its deposit facility, fixed rate tender, and marginal lending rates to 3.75%, 4.25% and 4.50% respectively.

Credit outlook: Credit Default Swap (CDS) prices were volatile during 2023, spiking in March on the back of banking sector contagion concerns following the major events of Silicon Valley Bank becoming insolvent and the takeover of Credit Suisse by UBS. After then falling back in Q2 of calendar 2023, in the second half of the year, higher interest rates and inflation, the ongoing war in Ukraine, and now the Middle East, have led to CDS prices increasing steadily.

On an annual basis, CDS price volatility has so far been lower in 2023 compared to 2022, but this year has seen more of a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.

Moody's revised its outlook on the UK sovereign to stable from negative to reflect its view of restored political predictability following the volatility after the 2022 mini-budget. Moody's also affirmed the Aa3 rating in recognition of the UK's economic resilience and strong institutional framework.

Following its rating action on the UK sovereign, Moody's revised the outlook on five UK banks to stable from negative and then followed this by the same action on five rated local authorities. However, within the same update the long-term ratings of those five local authorities were downgraded.

There remain competing tensions in the banking sector, on one side from higher interest rates boosting net income and profitability against another of a weakening economic outlook and likely recessions that increase the possibility of a deterioration in the quality of banks' assets.

However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast (November 2023): Although UK inflation and wage growth remain elevated, the Authority's treasury management adviser Arlingclose forecasts that Bank Rate has peaked at 5.25%. The Bank of England's Monetary Policy Committee will start reducing rates in 2024 to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose sees rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.

Arlingclose expects long-term gilt yields to be broadly stable at current levels (amid continued volatility), following the decline in yields towards the end of 2023, which reflects the expected lower medium-term path for Bank Rate. Yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix B.

Appendix B

Arlingclose Economic & Interest Rate Forecast – November 2023

Underlying assumptions:

- UK inflation and wage growth remain elevated but, following a no-change MPC decision in November, Bank Rate appears to have peaked in this rate cycle. Near-term rate cuts are unlikely, although downside risks will increase as the UK economy likely slides into recession and inflation falls more quickly.
- The much-repeated message from the MPC is that monetary policy will remain tight as inflation is expected to moderate to target slowly. In the Bank's forecast, wage and services inflation, in particular, will keep CPI above the 2% target until 2026.
- The UK economy has so far been relatively resilient, but recent data indicates a further deceleration in business and household activity growth as higher interest rates start to bite. Global demand will remain soft, offering little assistance in offsetting weakening domestic demand. A recession remains a likely outcome.
- Employment demand is easing, although the tight labour market has resulted in higher nominal wage growth. Anecdotal evidence suggests slowing recruitment and pay growth, and we expect unemployment to rise further. As unemployment rises and interest rates remain high, consumer sentiment will deteriorate. Household spending will therefore be weak. Higher interest rates will also weigh on business investment and spending.
- Inflation will fall over the next 12 months. The path to the target will not be smooth, with higher energy prices and base effects interrupting the downtrend at times. The MPC's attention will remain on underlying inflation measures and wage data. We believe policy rates will remain at the peak for another 10 months, or until the MPC is comfortable the risk of further 'second-round' effects has diminished.
- Maintaining monetary policy in restrictive territory for so long, when the economy is already struggling, will require significant policy loosening in the future to boost activity.
- Global bond yields will remain volatile, particularly with the focus on US economic data and its monetary and fiscal policy. Like the BoE, the Federal Reserve and other central banks see persistently high policy rates through 2023 and 2024 as key to dampening domestic inflationary pressure. Bond markets will need to absorb significant new supply, particularly from the US government.
- There is a heightened risk of geo-political events causing substantial volatility in yields.

Forecast:

- The MPC held Bank Rate at 5.25% in November. We believe this is the peak for Bank Rate.
- The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. We see rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.
- The immediate risks around Bank Rate remain on the upside, but these diminish over the next few quarters and shift to the downside before balancing out, due to the weakening UK economy and dampening effects on inflation.
- Arlingclose expects long-term gilt yields to eventually fall from current levels (amid continued volatility) reflecting the lower medium-term path for Bank Rate. However, yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply.

	Current	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00	1.00
Central Case	5.25	5.25	5.25	5.25	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.00	3.00
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00	1.00
Central Case	5.40	5.40	5.40	5.30	5.15	4.80	4.30	4.10	3.80	3.50	3.25	3.05	3.05
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
5yr gilt yield													
Upside risk	0.00	0.50	0.70	0.70	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.28	4.35	4.30	4.25	4.10	4.00	3.75	3.50	3.40	3.30	3.30	3.30	3.35
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
10yr gilt yield													
Upside risk	0.00	0.50	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20
Central Case	4.32	4.40	4.35	4.30	4.25	4.15	4.00	3.80	3.75	3.65	3.60	3.65	3.70
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
20yr gilt yield													
Upside risk	0.00	0.50	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20
Central Case	4.78	4.70	4.65	4.55	4.45	4.35	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
50yr gilt yield													
Upside risk	0.00	0.50	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20
Central Case	4.38	4.30	4.25	4.20	4.15	4.15	4.10	4.10	4.10	4.10	4.10	4.10	4.10
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

PWLB Standard Rate = Gilt yield + 1.00%

PWLB Certainty Rate = Gilt yield + 0.80%

PWLB HRA Rate = Gilt yield + 0.40%

UK Infrastructure Bank Rate = Gilt yield + 0.40%

Appendix C

Operational Boundary and Authorised limits

Operational boundary	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Debt	£171.728	£180.455	£200.307	£217.515
Other long-term liabilities	£2.000	£2.000	£2.000	£2.000
Total	£173.728	£182.455	£202.307	£219.515

Authorised limit	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Debt	£174.728	£183.455	£203.307	£220.515
Other long-term liabilities	£2.000	£2.000	£2.000	£2.000
Total	£176.728	£185.455	£205.307	£222.515