

**East Suffolk Council**  
**Quarter 2 Budget Monitoring Report**  
**For the period 1 April 2023 - 30 September 2023**

## Quarter 2 Budget Monitoring Report

For the period 1 April 2023 - 30 September 2023

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## Quarter 2 Budget Monitoring Report

## 1. General Fund

## 1.1 Quarter 2 Budget Monitoring Overview

The summary in **Figure 1** below presents a comparison of the original budget for 2023/24 and the projected outturn. The Approved Budget changes presented represent budget changes approved by Cabinet and Council since the Original Budget was approved in February 2023, plus additional staffing changes via the Request For Resources approvals. Variances to the Approved Budget are in-year impacts (costs and savings) which have been identified to date. As of Quarter 2, the projection for year end is an increase against the Original Budget of just under £0.900m. The main factor being the uncertainty with the pending pay award for the current year. It is also forecast for income to be less than budgeted in some areas due to current economy conditions, but this is offset by additional income expected from treasury investments and action taken by the Council. Further details on the variances are provided in **Appendix B1**.

Figure 1 – Quarter 2 General Fund Budget Variances

Quarter 2 General Fund 2023-24 Budget Forecasts						
Key Changes	Original Budget 2023/24 £'000	Approved Budget Changes (Non Staffing) £'000	Approved Budget Changes (Staffing) £'000	Approved Budget 2023/24 £'000	Forecast Variance to Approved Budget Changes 2023/24 £'000	Forecast Outturn 2023/24 £'000
Service Area	£'000	£'000	£'000	£'000	£'000	£'000
Senior and Corporate Management	2,630		4	2,634		2,634
Economic Development and Regeneration	2,393	45	2	2,440		2,440
Financial Services and Other Financial Transactions	64		(17)	47	270	317
Revenue and Benefits	3,130			3,130	(34)	3,096
Digital and Programme Management	3,461		(5)	3,456		3,456
Internal Audit Services	673		20	693		693
Human Resources	1,068		73	1,141		1,141
Legal and Democratic Services	2,940		15	2,955		2,955
Planning and Coastal Management	4,932	17	(14)	4,935		4,935
Customer Experience Strategic Management	2,523			2,523		2,523
Operations	15,062	141	179	15,382	251	15,633
Communities	3,211	433	257	3,901		3,901
Environmental Services and Port Health	3,077		131	3,208	50	3,258
Housing Services	5,071			5,071		5,071
<b>Cross Cutting Items:</b>						
23/24 Pay Awards (ESC Employees)				0	600	600
Direct Staffing and Contract - establishment changes				0	(300)	(300)
Inflation				0	60	60
<b>Net Cost of Service</b>	<b>50,234</b>	<b>636</b>	<b>645</b>	<b>51,515</b>	<b>897</b>	<b>52,412</b>
<b>Non-Cost of Service Expenditure Adjustments (e.g. DRF,MRP)</b>	<b>(1,160)</b>			<b>(1,160)</b>	<b>179</b>	<b>(981)</b>
<b>Other Operating Expenditure (e.g. Parish Precepts, Levies)</b>	<b>7,346</b>			<b>7,346</b>		<b>7,346</b>
<b>Financing and Investment Net Income and Expenditure</b>	<b>(808)</b>			<b>(808)</b>	<b>(250)</b>	<b>(1,058)</b>
<b>Non-Specific Grant Income (e.g. NHB, Section 31 Grant)</b>	<b>(483)</b>			<b>(483)</b>		<b>(483)</b>
<b>Net Movements on Reserves</b>	<b>(5,977)</b>	<b>(602)</b>	<b>(439)</b>	<b>(7,018)</b>	<b>71</b>	<b>(6,947)</b>
<b>Net Budget Expenditure After Reserve Movements</b>	<b>49,151</b>	<b>34</b>	<b>206</b>	<b>49,391</b>	<b>897</b>	<b>50,288</b>
<b>Financed By:</b>						
Council Tax Income (District Council)	(16,367)			(16,367)		(16,367)
Council Tax Income (Town & Parish Precepts)	(7,095)			(7,095)		(7,095)
Share of (Surplus)/Deficit on Collection Fund - Council Tax	(344)			(344)		(344)
Business Rates	(22,560)			(22,560)	(192)	(22,752)
Government Support Grants (RSG, Lower Tier, Rural Services, etc.)	(2,785)			(2,785)		(2,785)
<b>Total Financing</b>	<b>(49,151)</b>	<b>0</b>	<b>0</b>	<b>(49,151)</b>	<b>(192)</b>	<b>(49,343)</b>
<b>Budget Gap / (Budget Surplus)</b>	<b>0</b>	<b>34</b>	<b>206</b>	<b>240</b>	<b>705</b>	<b>945</b>

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**1.2 Income from Fees and Charges**

The apportioned Fees and Charges income budget at the end of September 2023, excluding Port Health totals £10.949m, compared to actual income received of £12.450m, a favourable variance of £1.501m, with two thirds of this estimated to be income in advance.

Fees and Charges budgets are reviewed annually as part of the wider budget setting process and should not be viewed in isolation. Overall budgeted income assumptions are based on supporting the Council's cost of providing the service and therefore do not represent surplus income.

Fees and charges budgets are significantly subjected to seasonal changes and fluctuations in demand. Some notable areas such as Licensing, Camping and Caravan Sites and Industrial Estates are also impacted by the date of billing and therefore may receive income in advance of budget profiles.

**Appendix B2** compares the Fees and Charges income received, to the apportioned 2023/24 budget at the end of September 2023 and provides commentary on significant variances identified from the budget monitoring process.

Service income subject to increased pressures within 2023/24 are:

- **Parking Services** - Income received from town centre parking is below the expected balance at the end of September by around £0.077m, and the income from fixed penalty notices is under budget by £0.285m. Based on prior year outturns the income budget for the latter appears to be overstated for the current year. The year end forecast for parking service income is to be under budget in the region of £0.200m to £0.300m. The 2022/23 outturn for parking services income was under budget by £0.350m, in addition to the £0.500m reduction to the baseline income.
- **Waste Management** – The income budget for this area does not yet show a variance of concern at Quarter 2 due to income being received in advance as a result of annual billing, but a fall in green subscriptions is an area of uncertainty and was indicated during the last budget setting round. Actual income last year was £2.510m (£0.020m under budget). The income budget for this year is £2.532m.

**1.3 Establishment Costs**

The total 2023/24 General Fund direct staffing budget approved in February 2023 totalled £32.074m. In-year resource requests reflect an increase to the budget of £1.148m to date, of which just under £1m is met from reserves and/or external funding. Assumptions include basic pay plus on-costs (Employer National Insurance and Superannuation) and a pay award assumption of 4% across all Scale Points (SCP).

The annual budget also includes a provision for vacancy allowance of £1.267m (approximately 3.8% of the general fund staffing budget for 2023/24).

The pay award for 2023/24 has not yet been agreed for SCP's below Chief Officer level. Based on the information provided within the National Employers pay offer in February 2023, the

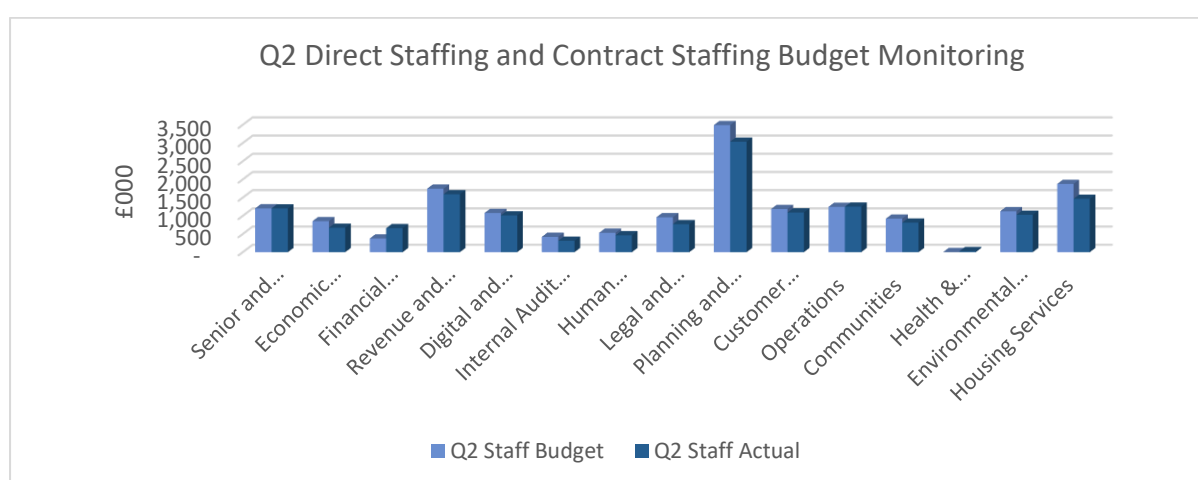
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overall impact would be in excess of the current budget assumption and would result in an additional £0.600m budget requirement from General Fund. The Chief Officer pay award has been accept at 3.5%, resulting in a saving of approximately £0.020m, against an original 4% budget assumption. The pay award for Chief Executives has also not yet been agreed.

For Quarter 2, the apportioned approved direct staffing budgets for the General Fund (excluding Port Health & including Contract Staff) totals £16.997m, against actual expenditure to the end of September of £15.380m, resulting in an underspend variance of £1.617m. A further breakdown is detailed within **Figure 2**.

Year to date, the pay award for 2023/24 has not yet been confirmed and therefore an underspend across all areas would be expected for this period.

Figure 2 – Quarter 2 Direct Staffing and Contract Staffing Budget Monitoring



Appendix B3 provides information on the areas of contract spend as at Quarter 2.

Figure 3 below provides a forecast on General Fund staffing costs for the year which does suggest staffing costs to be above budget, this is primarily driven by the anticipation of the pending pay award exceeding the budget assumption.

Figure 3 – General Fund Staffing Forecast – Direct Staffing and Contract Staffing

General Fund Staffing forecast for the year – direct staffing and contract Staffing	£'000
<b>Staffing Budget for 2023/24</b>	
Original Direct Staffing Budget	33,341
Contract Staffing Budget	408
Less Vacancy Allowance	(1,267)
<b>Total Budget</b>	<b>32,482</b>
Forecast for the year, based on Quarter 2 actual (Q2*2)	30,760
allowance for vacancies to be filled and budget growth due to resourcing changes	500
Plus estimate for pay award – average of 6%	1,800
<b>Total Forecast</b>	<b>33,060</b>
<b>Forecast variance for the year, as at Quarter 2 -overspend/(underspend)</b>	<b>578</b>

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## 1.4 Service Grants and Contributions Received

Service grant funding is a vital contributing part of ensuring the Council remains financially sustainable, with assumptions being factored into the approved service budgets for receipt and use of grants to support projects and services within 2023/24.

**Figure 4** details the overall service grant position to the end of September 2023. Grants received can be subject to conditions and therefore can be impacted by time limitations or restrictions regarding its application. Subject to whether conditions apply, restrictions can also impact the treatment of grants within the financial statements. Some grants may be identified as received in advance and can be utilised in year of its receipt or carried forward to support services/project in futures years.

Included within the 2023/24 budget, approved service grant budgets totalled income of £62.234m, with £50.4m relating to Housing Benefit Subsidy for Housing Benefit payments.

*Figure 4 – Service Grants and Contributions Received 2023/24*

Quarter 2 Service Grant and Contributions Received	2023/24 Revised Budget	Q2 2023/24 Profiled Budget	Q2 2023/24 Actual	Q2 Variance
	£'000	£'000	£'000	£'000
Senior and Corporate Management	(292)	(146)	(964)	(817)
Economic Development and Regeneration	(1,144)	(376)	(1,568)	(1,192)
Financial Services and Other Financial Transactions	(2)	0	582	582
Revenue and Benefits	(51,809)	(302)	(468)	(165)
Digital and Programme Management	(8)	0	5	5
Human Resources	(11)	0	7	7
Legal and Democratic Services	0	0	(133)	(133)
Planning and Coastal Management	(291)	(192)	(1,694)	(1,502)
Customer Experience Strategic Management	(1)	0	0	0
Operations	(1,984)	(1,029)	(1,136)	(107)
Communities	(1,030)	(672)	(1,896)	(1,225)
Health & Wellbeing	0	0	(450)	(450)
Environmental Services	0	0	(17)	(17)
Housing Services	(5,662)	(4,148)	(6,000)	(1,852)
<b>TOTAL</b>	<b>(62,234)</b>	<b>(6,865)</b>	<b>(13,731)</b>	<b>(6,866)</b>

Key variances year to date are:

- Senior and Corporate Management variance totalling £0.817m, relating to the Suffolk Growth project. The funding will be utilised in year to support the project, which includes Suffolk Inclusive Growth Investment Fund (SIGIF) providing contributions to local organisations and Contain Outbreak Management Fund (COMF) to support businesses recovering from COVID-19. Any surplus funds will be utilised to support project activity in future years as receipt in advance.
- Financial Services and Other Financial Transactions Received – 2022/23 Norse profit share is yet to be received. This was accrued for at £0.560m but current estimates

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forecast this to be less with a potential impact in this financial year of £0.270m. This has been factored into the forecast outturn position.

- Economic Development and Regeneration variance totalling £1.192m. This includes the UK Shared Prosperity Fund (UKSPF) and Rural England Prosperity Fund received ahead of expenditure, along with the DLUHC Capacity Grant for Towns Fund.
- Planning and Coastal Management variance totalling £1.502m, includes Resilient Coasts funding received of 1.644m and a variance of £0.120m for Neighbourhood Plan grant yet to be received.
- Communities variance totals £1.225m - £0.520m relating to Active Suffolk received in advance, with some forecast to be carried forward, £0.495m Holiday Activity funding received for 2023/24 and £0.143m brought forward from 2022/23, £0.113m debtor for outstanding social prescribing claims due from SCC and £0.144m brought forward related to Granpads.
- Housing variance totals £1.852m - £0.528m additional Rough Sleeper Initiative funding and Homelessness Prevention grant funding to be utilised in year, £0.827m Housing Enabling Local Authority Housing Fund which is due to be returned to DLUHC due to the project no longer viable, and £0.365m of additional Disabled Facilities Grant.

### 1.5 Income Generated from Land and Property

Income generated from land and property provide a return to the Council from rental and lease income streams whilst supporting the local economy and regeneration in the district. Due to the nature of these assets they are however subject to fluctuations in the economic environment.

The 2023/24 net approved budget for industrial estates and miscellaneous land and property is £0.028m. This includes income totalling £1.141m and offset by total expenditure of £1.169m. Actuals year to date, is reflecting a favourable net variance of £0.369m. However, this is partly as a result of income being received in advance due to annual and quarterly billing. **Figure 5** summarises the position, along with key variances to the end of September.

Key variances are being monitored throughout the year, including the impact on rental income following the collapse of Wilko, forecast to adversely impact rental income by £0.120m. This is partly mitigated by an increased rental assumptions (£0.100m) following the lease of the East Suffolk House Annex within 2023/24, which is due to be finalised shortly.

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Figure 5 – Income Generated from Land and Property

	2023/24 Revised Budget £'000	Q2 2023/24 Profiled Budget £'000	Q2 2023/24 Actual £'000	Q2 Variance £'000	Q2 Variance Comments
<b>Industrial Estates</b>					
<b>Total Income:</b>					
Lease and Rental Income	(620)	(310)	(447)	(137)	Variance reflecting income in Advance. Budget includes Reydon Industrial Estate Units, which are now fully let.
<b>Total Expenditure:</b>					
Premises Expenditure	41	21	21	(0)	
Supplies and Services Expenditure	1	0	3	3	No significant variance.
Third Party Expenditure	10	5	4	(1)	No significant variance.
<b>Total Direct Income and Expenditure:</b>	<b>(568)</b>	<b>(284)</b>	<b>(419)</b>	<b>(135)</b>	
<b>Miscellaneous Land</b>					
<b>Total Income:</b>					
Lease and Rental Income	(156)	(78)	(157)	(78)	Lease of Chamber Site at Pakefield £31.8k not budgeted and Income in advance.
<b>Total Expenditure:</b>					
Premises Expenditure	103	53	16	(37)	Favourable variance due to utilities invoiced month in arrears.
Supplies and Services Expenditure	2	1	17	17	Costs associated with preparing units ready for Re-letting.
Third Party Expenditure	0	0	0	0	
<b>Total Direct Income and Expenditure:</b>	<b>(51)</b>	<b>(24)</b>	<b>(123)</b>	<b>(98)</b>	
<b>Miscellaneous Property</b>					
<b>Total Income:</b>					
Lease and Rental Income	(365)	(183)	(309)	(125)	Budget includes Wilko rental income totalling £255,000 which will be reduced due to recent bankruptcy, East Point Pavilion income totals £66,000, income from operational agreement with First Light Festival CLC not as budgeted, the favourable variance is quarterly income in advance.
<b>Total Expenditure:</b>					
Premises Expenditure	600	371	338	(33)	Favourable variance due to utilities invoiced month in arrears.
Supplies and Services Expenditure	217	101	140	38	Commuted sum for the transfer of Bungay Office to Bungay Town Council.
Third Party Expenditure	195	97	81	(16)	No significant variance.
<b>Total Direct Income and Expenditure:</b>	<b>647</b>	<b>387</b>	<b>251</b>	<b>(136)</b>	
<b>TOTAL</b>	<b>28</b>	<b>78</b>	<b>(291)</b>	<b>(369)</b>	

## 1.6 Council Tax and Business Rates Income

Council Tax income variances in-year will appear in the collection fund deficits or surpluses in the following year. As a result of this, income recognised in year for Council Tax will be in line with the budget.



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Business Rates income is forecast to be £0.192m up on the original budget due to current estimates on the Pooling Benefit. **Figure 6** below summarises Council Tax and Business Rates income for the current year.

*Figure 6 – 2023/24 Council Tax and Business Rate Income Forecast as at Quarter 2*

	Original Budget 2023/24 £'000	Variances to Approved Budget 2023/24 £'000	Forecast Outturn as at Quarter 2 2023/24 £'000
Council Tax Income (District Council)	(16,367)		(16,367)
Share of (Surplus)/Deficit on the Collection Fund (Council Tax)	(344)		(344)
Business Rates	(22,560)	(192)	(22,752)

#### 1.7 Budget Risk/Implications within 2023/24

For 2023/24, there have been increased financial pressures impacting several services currently operating, potentially resulting in future budget implications for the current financial year, along with future years captured within MTFs. Whilst some cannot yet be quantified or quantified with a degree of certainty, it is important for them to be highlighted. **Figure 7** below highlights some of the material areas of potential impact.

*Figure 7 - Budget Implications to be Monitored*

Budget Area to be Monitored	Areas Impact	Nature of Impact	Timing of Impact
Asset Management Rent Review.	Council income budgets from assets.	Potential to increase the income to the Council. This will need to be quantified and captured in the update of the Council's MTFs.	Current year and going forward.
Capital Programme.	Revenue implications from capital programme revisions.	Additional revenue costs to the General Fund - direct revenue financing, use of reserves, capital charges to revenue, revenue costs to support delivery of capital projects and income generation from capital projects.	Current year and future years.
ESSL.	General Fund, HRA and capital programme.	Service investment for ESSL. Council budgets to be updated to reflect management fee to ESSL and some services brought back in-house. Recognition of service investment and improve plan for ESSL and costs pressures in the operations environment, e.g. pay awards and inflation.	Current year and future years.

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Budget Area to be Monitored	Areas Impact	Nature of Impact	Timing of Impact
Inflation.	General Fund, HRA and Capital Programme.	Increasing costs.	Current year and future years.
National pay award for 2023/24 is not yet agreed.	Council staffing costs.	Current budget assumption is for a 4% increase for Council staffing. Based on pay offer by the National Employers this would be an additional cost pressure to the Council of approximately £0.600m.	Current year and future years.
Norse.	Profit share income.	Settlement of 2022/23 profit share (Accrued £0.560m) and April-June 2023/24 (Budgeted £0.074m). The position will be assessed further within Quarter 3 following the impacts of the possible pending pay award but is forecast as a £0.271m loss.	Current year.
Parking Services.	Income from Parking Services.	Parking Services income is currently down against the budget in Quarter 2, in the areas of parking charges and Fixed Penalty Notices.	Current year and potentially going forward.
Recruitment difficulties.	Particular area of specialism.	Agency and contract costs may be required which can be more costly. Current forecasts show this being absorbed in existing budgets.	Ongoing.
Treasury Management Investment income.	General Fund and HRA income.	With the bank of England continuing to increase the base rate, this is likely to lead to more favourable returns on treasury management investments. The position will be assessed in Quarter 3.	Current year and potentially the next 2-3 years.
Workforces pay pressure/grade inflation.	Council staffing costs.	Increased staffing costs. Annual staffing vacancy allowance in the budget is at risk.	Ongoing.

## Quarter 2 Budget Monitoring Report

## 2 Port Health (General Fund Memorandum Note)

## 2.1 Port Health Quarter 2 Budget Monitoring Overview

Port Health is a cost recovery operational service which operates within the wider General Fund.

**Figure 8** below provides a Quarter 2 monitoring summary, comparing actuals year to date against the apportioned budgets to the end of September 2023. The summary also includes budget forecasts for the 2023/24 budget year, following any changes that have occurred in year.

*Figure 8 – Quarter 2 Port Health Budget Monitoring*

Port Health Quarter 2 Variances	Original Budget 2023/24 £'000	Q1 Original Budget 2023/24 £'000	Q1 Actual 2023/24 £'000	Q1 Variance 2023/24 £'000	Forecast Outturn based on Q1 Actuals 2023/24 £'000	Variance Forecast to Original budget 2023/24 £'000	Note
<b>Income</b>							
Income through fees and charges	(5,749)	(2,874)	(3,005)	(130)	(6,009)	(260)	1
<b>Total Income</b>	<b>(5,749)</b>	<b>(2,874)</b>	<b>(3,005)</b>	<b>(130)</b>	<b>(6,009)</b>	<b>(260)</b>	
<b>Expenditure</b>							
Direct Expenditure	800	400	215	(185)	431	(369)	2
Operational Expenditure	6,236	3,118	2,997	(121)	5,995	(241)	3
<b>Total Expenditure</b>	<b>7,036</b>	<b>3,518</b>	<b>3,213</b>	<b>(305)</b>	<b>6,426</b>	<b>(610)</b>	
<b>Cross Cutting Items:</b>							
2023/24 Pay Award					90		4
<b>Net Cost of Service</b>	<b>1,287</b>	<b>644</b>	<b>208</b>	<b>(435)</b>	<b>507</b>	<b>(871)</b>	<b>5</b>

## Notes:

1. The number of jobs related to trade income have increased due to seasonal events coming up in Quarter 3 and actual income is above budget as at the end of Quarter 2. Income is forecast to be up by £0.260m against budget at the financial year end if that trend continues.
2. The direct expenditure is the analyst costs related to the income; these costs are underspent due to changes in legislation. More doc checks are being carried out rather than sampling that requires analysis.
3. The operational expenditure is underspent at the end of quarter 2 by £0.121m. This is pending the pay award.
4. This is the estimated impact of the pay award.
5. As at the end of Quarter 2 the service was running at a cost of £0.208m, if this trend continues the forecast outturn will be a cost of £0.600m, which would be £0.871m less than the budgeted position of a £1.287m cost.

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## Port Health Reserve

Port Health currently holds a 2023/24 opening reserve balance of £3.669m and is forecast to allocate £1.881m towards supporting the service within the current year. **Figure 9** provides a breakdown of reserves over the Medium-Term Financial Strategy (MTFS) and the allocation details are provided below.

- **Planned Future Revenue Spending** – This is an unallocated balance, to be used to mitigate financial impacts out of our control.
- **Planned Future Capital Spending** – to provide Port Health revenue funding to support capital expenditure, e.g., vehicles and ICT equipment.
- **ICT** – This balance will hold surpluses from the PHILIS operation to build funds for reinvestment in the service, both revenue and capital.
- **Grants/Funding Carried Forward** – External funding received for projects spanning financial years.

Figure 9 – Quarter 2 Port Health Reserve Forecast

Reserves	Actual April 2023 £'000	MTFS April 2024 £'000	MTFS April 2025 £'000	MTFS April 2026 £'000	MTFS April 2027 £'000
Port Health - Planned Future Revenue Spending	3,034	1,212	501	501	501
Port Health - Planned Future Capital Spending	0	0	0	0	0
Port Health – ICT	635	669	697	711	709
Port Health - Grants/Funding Carried Forward	0	0	0	0	0
<b>Total Earmarked Reserves</b>	<b>3,669</b>	<b>1,881</b>	<b>1,198</b>	<b>1,212</b>	<b>1,210</b>

## 2.2 Port Health Budget Areas to be Monitored

Port Health is subject to increased financial pressures in year, as a result of external regulation and other factors outside the control of the authority, which may impact its overall financial outturn for 2023/24. **Figure 10** details the significant risks and implications identified within the current year.

Figure 10 – Budget Implications to be Monitored

Budget Area to be Monitored	Areas Impact	Nature of Impact	Timing of Impact
Border Target Operating Model.	Port Health & Support Services.	Introduction of EU charges to be delivered resulting in expansion of the operations service.	Introduction estimated from March 2024.
Cost of Service.	Port Health.	Currently the service is running at a cost, this will be monitored and addressed at budget setting from September 2023.	Ongoing.

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**3. Housing Revenue Account (HRA)****3.1 HRA Quarter 2 Budget Monitoring Overview**

The Housing Revenue Account (HRA) is the ring-fenced rent 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 and should ensure it is able to remain self-financing, along with operating in accordance with the guidelines and rent policies provided.

The 2023/24 HRA budget forecast reflects a deficit of £1.812m, compared to the approved deficit budget of £1.297m, an adverse movement of £0.515m.

**Figure 11** below presents a comparison of the Original Budget for 2023/24 and the forecast position as at Quarter 2.

To date there have been no in-year HRA approved revenue budget changes by Cabinet or Council. The variances to the approved budget are in-year impacts (costs and savings) which have been identified to date. This currently reduces the movement from the HRA Working Balance by £0.515m.

Key variance impacting budgets in year are highlighted below:

Cost Pressures:

- Estimate for current year pay award £0.160m.
- Inflationary pressure from utility costs, estimated at £0.250m.
- Additional Revenue Costs associated with Housing Development estimated at £0.355m.
- Additional consultancy costs associated with the implementation of digital Transformation, estimated at £0.120m.
- Reduction of Right-to-buy sales due to high interest rates, loss of revenue income contribution at £0.020m, however this should be offset against future year rental income. This will increase the revenue contribution to the capital programme.

Additional Income/Savings:

- The HRA also benefits from a share of the additional interest income currently forecast. This is estimated at £0.050m.
- In year vacancy savings estimated at £0.140m.
- Recharge to General Fund for services provided, estimated at £0.200m.

## Quarter 2 Budget Monitoring Report

Figure 11 – Quarter 2 HRA Budget Variances

	Original Budget 2023/24 £'000	Approved Budget Changes 2023/24 £'000	Approved Budget 2023/24 £'000	Variance to Approved Budget 2023/24 £'000	Forecast Outturn 2023/24 £'000
<b>Income</b>					
Dwelling Rent	(20,634)		(20,634)		<b>(20,634)</b>
Non-Dwelling Rent	(184)		(184)		<b>(184)</b>
Service & Other Charges	(732)		(732)		<b>(732)</b>
Leaseholders Charges for Services	(10)		(10)		<b>(10)</b>
Contribution towards Expenditure	(57)		(57)	20	<b>(37)</b>
Reimbursement of Costs	(68)		(68)		<b>(68)</b>
Interest Income	(276)		(276)	(50)	<b>(326)</b>
<b>Total Income</b>	<b>(21,961)</b>	<b>0</b>	<b>(21,961)</b>	<b>(30)</b>	<b>(21,991)</b>
<b>Expenditure</b>					
Repairs & Maintenance	6,935		6,935		<b>6,935</b>
Supervision & Management	3,724		3,724	120	<b>3,844</b>
Special Services	2,705		2,705	355	<b>3,060</b>
Rents, Rates and other Charges	143		143		<b>143</b>
Movement in Bad Debt Provision	-		-		<b>-</b>
Contribution to CDC	92		92		<b>92</b>
Capital Charges	4,191		4,191		<b>4,191</b>
Interest Charges	2,106		2,106		<b>2,106</b>
Revenue Contribution to Capital	3,400		3,400		<b>3,400</b>
Transfer to/from Earmarked Reserves	(38)		(38)		<b>(38)</b>
<b>Total Expenditure</b>	<b>23,258</b>	<b>0</b>	<b>23,258</b>	<b>475</b>	<b>23,733</b>
<b>Cross Cutting Items:</b>					
2023/24 Pay Awards				160	<b>160</b>
2023/24 Vacancies in year				(140)	<b>(140)</b>
Inflation - Utilities				250	<b>250</b>
Support Recharges				(200)	<b>(200)</b>
<b>Movement in the HRA balance</b>	<b>1,297</b>	<b>0</b>	<b>1297</b>	<b>515</b>	<b>1,812</b>

## Quarter 2 Budget Monitoring Report

## 3.2 HRA Reserves

In addition to the HRA Working Balance the HRA holds Earmarked Reserves. **Figure 12** below, provides a forecast of HRA Reserves and balances as at Quarter 2.

Figure 12 – Quarter 2 HRA Reserve Forecast

Reserves	Actual April 2023 £'000	Forecast April 2024 £'000	Forecast April 2025 £'000	Forecast April 2026 £'000	Forecast April 2027 £'000
<b>HRA Working Balance</b>	<b>4,363</b>	<b>2,551</b>	<b>2,991</b>	<b>4,063</b>	<b>3,346</b>
<b>HRA Earmarked Reserves</b>					
Debt Repayment Reserve	13,000	13,000	12,040	12,040	2,040
DHP Top Up Reserve	499	461	421	421	421
MMI Reserve	60	60	60	60	60
Housing Development Reserve	5,000	626	0	0	0
Brampton Sinking Fund	2	3	4	5	6
<b>Total of HRA Revenue Earmarked Reserves</b>	<b>18,561</b>	<b>14,150</b>	<b>12,525</b>	<b>12,526</b>	<b>2,527</b>
<b>Capital Earmarked Reserves (Major Repairs Reserve)</b>	<b>15,780</b>	<b>5,904</b>	<b>4,155</b>	<b>4,140</b>	<b>4,378</b>

The DHP (Discretionary Housing Payments) Top Up Reserve was established in 2012/13 with the introduction of the Welfare Reform Act 2012. To date there has not been a requirement to top up the DHP, therefore it is being utilised to provide a Financial Inclusion Officer to help tenants in financial hardship and additional staffing to support the decant of St Peters Court and the processing of the Rents and Service Charge refund process.

An additional reserve will be set up for the £4.2 million Brownfield Land Release Fund received for the decontamination of land at the Kirkley Waterfront, Lowestoft (former Sanyo and Survitec sites). The reserve will be monitored to ensure expenditure is compliant with the grant conditions.

## 3.3 HRA Capital Programme

**Figure 13** below includes actual spend on the capital programme from April to September 2023, and the budgets in future years as approved in February. This will be the starting point for reviewing the capital budget for the 2024/25 budget process.

Figure 13 - Review of HRA Capital Spend from April 2023 to September 2023, and Forward Budgets

HRA	2023/24 £000 Original Budget	2023/24 £000 Actuals to 30 September 2023	2023/24 £000 Variance	2023/24 £000 Budget Spent	2024/25 £000 Original Budget	2025/26 £000 Original Budget	2026/27 £000 Original Budget	Total Capital Budget over MTFS £000
Asset Investment Programme	9,905	1,090	-8,815	11%	3,040	3,040	3,040	19,025
Acquisition and Development Programme	23,916	1,736	-22,180	7%	13,632	9,650	9,650	56,848
<b>Total Budget</b>	<b>33,821</b>	<b>2,826</b>	<b>- 30,995</b>		<b>16,672</b>	<b>12,690</b>	<b>12,690</b>	<b>75,873</b>

## Quarter 2 Budget Monitoring Report

The HRA Capital Programme is split into 2 areas of focus:

**Asset Investment Programme** - There is still significant work taking place on data collection to inform future planning of this work, with added pressure to become EPC C across all housing stock by 2030. Fire safety works are ongoing and could impact the budget over the period 2023/24 as well as the recently approved Cabinet decision to decant and demolish St Peters Court.

**Acquisition and New Development Programme** - All developments budgeted for are progressing, however some of the budgets have the potential to slip into the next financial year. This will not impact on the overall MTF5.

### 3.4 HRA Budget Areas to be Monitored

Overall, the HRA is subject to increased financial pressures and continues to take into account the priorities and objectives which have been derived from the Council's Strategic objectives, the stock need, along with the needs of current and future tenants. In addition the HRA must take into consideration and comply with the new Social Housing (Regulation) Act 2023 coming into force from April 2024, increasing the responsibilities and requirements from all social housing providers. **Figure 14** below highlights some key cost pressures within 2023/24.

*Figure 14 – Budget Implications to be Monitored*

Budget Area to be Monitored	Areas Impact	Nature of Impact	Timing of Impact
Utility Cost inflation	Council owned properties.	Increased running costs of Council properties. Currently estimate £250k for the HRA.	Current and future years.
Other inflationary pressures on materials, supplies and services.	Council contracts (revenue and capital).	Increased contract cost and supplies and services across the HRA.	Current and future years.
Workforces pay pressure/grade inflation.	HRA staffing costs.	Increased staffing costs.	Current and future years.
Housing Regulation and compliance requirements.	Increase in housing service requirements.	Increased and improved services across housing, increased staffing, and ICT to meet Regulator of Social Housing requirements.	Current and future years.
Fire Safety Requirements.	Repairs and Maintenance (Revenue and Capital).	Additional fire safety requirements in flats and sheltered schemes. Increase investment in housing stock and consultancy.	Current year and potentially the following year.



## Quarter 2 Budget Monitoring Report

## 4. Treasury Management

### 4.1 Investments

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. Both the Chartered Institute of Public Finance and Accountancy (CIPFA) Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority'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.

On 2 August 2023 the Bank Of England's Monetary Policy Committee voted by a majority of 6-3 to increase the bank base rate by 0.25%, from 5% to 5.25%. Two members preferred to increase the bank rate by 0.50%, and one member preferred to maintain the bank rate at 5.00%. This was the 14<sup>th</sup> consecutive hike and rates are now at a 15 year high. In September Bank Of England's Monetary Policy Committee voted to retain the bank base rate at 5.25% with four members voting for a rise.

Inflation rose by 6.7% in the 12 months to September 2023, the same rate as August. The largest downward contribution came from food and non-alcoholic beverages, where prices fell on the month for the first time since September 2021, and furniture and household goods, where prices rose by less than a year ago. prices. Rising prices for motor fuel made the largest upward contribution to the change in the annual rates.

Short-dated cash rates are around 5.2% for 3 month rates (4.1%, 6 April 2023) and 12-month rates around 5.55% (4.4%, 6 April 2023). The rates on the Treasury's Debt Management Account Deposit Facility (DMADF) currently range between 5.17% and 5.25% (4% to 4.1%, 6 April 2023).

The Council's investment portfolio in the short term is looking healthy with the prospect of increased returns on investments. The investment income budget of £1.6m is expected to be exceeded. This will be reviewed during the budget setting process in Quarter 3, as consideration needs to be given to demands on cash balances. For example, timing of housing rent refunds, the return of the Local Authority Housing Fund (LAHF). **Figure 15** and **Figure 16** below provide a summary of ESC total portfolio over time.

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Figure 15 – ESC Total Investment Portfolio as at 29 September 2023 £125.57m

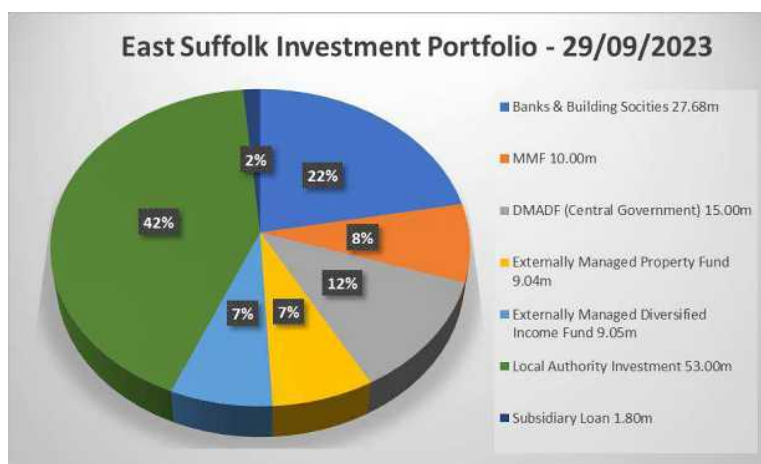
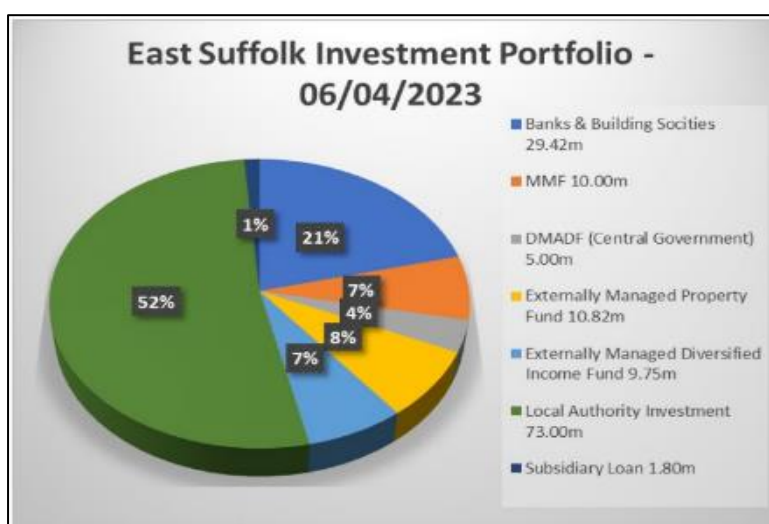


Figure 16 – ESC Total Investment Portfolio as at 6 April 2023 £139.79m



4.2 Borrowing

Existing borrowing held by the Council is at fixed rates and is therefore not impacted by the current interest rate changes. **Figure 17** and **Figure 18** below detail ESC Loan portfolio as at 29 September and the repayment profile over the next 10 years.

Figure 17 – ESC Total Loan Portfolio as at 29 September 2023 £65.56m

Loans Portfolio:	29/09/2023
General Fund - Fixed Rate Maturity	2,602,853
General Fund - Fixed Rate EIP	2,560,000
HRA - Fixed Rate	60,402,634
HRA - Variable Rate	0
<b>Total</b>	<b>65,565,487</b>

## Quarter 2 Budget Monitoring Report

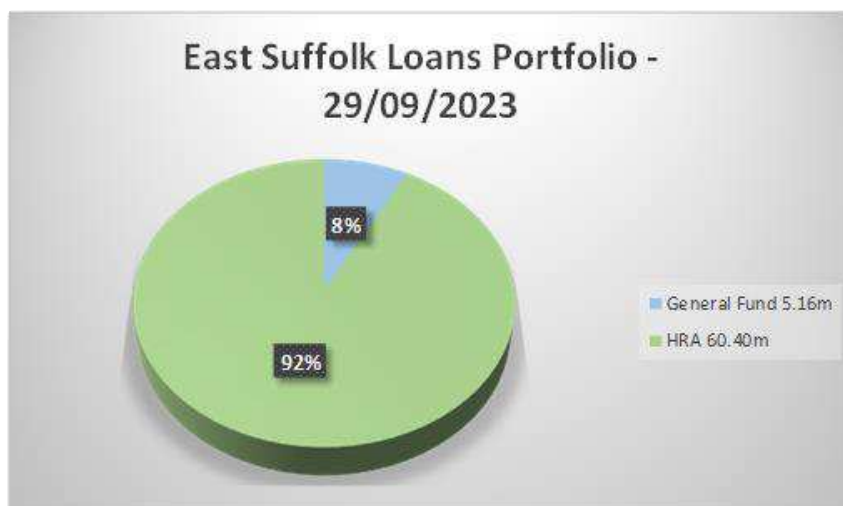


Figure 18 – ESC Loan Repayment Profile over the next 10 years as at 29 September 2023

Fund	Amount to be Repaid £'000	Loan Interest Rate	Maturity Date
<b>From 2023 to 2028</b>			
HRA & GF	2,005	Fixed 8.375%	September 2024
HRA	10,000	Fixed 3.01%	March 2027
<b>From 2029 to 2034</b>			
HRA	10,000	Fixed 3.3%	March 2032

## 5. General Fund Reserves

**5.1** The unallocated General Fund balance is £6.0m with no forecast use at this current time in the current year or over the MTFS.

### 5.2 Earmarked Reserves

The Council holds several General Fund Earmarked Revenue Reserves which have been established to meet known or predicted commitments, and to hold balances of grants and external funding which is committed to future year spend. The Council reviews these reserves to ensure the levels continue to be appropriate and if no longer required, are returned to the General Fund. Earmarked Reserves are categorised as follows.

- **Grants/Funding Carried Forward** – this is external funding the Council has received for specific purposes and is drawn down from reserves when spend is incurred.
- **Planned Future Revenue Spending** – Council funding has been set aside for specific service areas and/or projects.

## Quarter 2 Budget Monitoring Report

- **Planned Future Capital Spending** – this is revenue funding set aside to provide funding for the capital programme. A specific reserve is set aside for short-life assets such as vehicles and ICT equipment, and the Council contributions to this reserve annual, around £600k, to assist with providing funding for the on-going replacement of such assets.
- **Risk Based** – Council funding has been set aside for unforeseen budget pressures and fluctuations in budget areas of volatility. Risk Based Reserves is primarily made up of the following two reserves;
- **The Business Rate Equalisation Reserve** - this the main reserve within this group. This reserve is primarily held to manage fluctuations in Business Rates income, due to the timing of accounting treatments. The reserve will also be called upon to address budget gap pressures. The balance on this reserve at 1 April 2023 was £15.2m. A further £2.5m is planned to be transferred to this reserve in 2023/24 due to a surplus position on the budget.
- **In-Year Savings Reserve** - which is primarily used to address budget gaps and unforeseen budget pressures arising in the year. The balance on this reserve at the start of this financial year was £3.7m and this position is forecast to remain relatively unchanged over the current MTFS.
- **Covid Reserve** – Mainly consisting of Section 31 Grants to fund Covid related Business Rate Reliefs and the Local Authority support grant. This reserve is forecast to be used by the end of this financial year.

The total balance of General Fund Earmarked Reserves was £44.9m (excluding Port Health) as of 1 April 2023. **Figure 19** below provides a summary of the current reserve position over the current MTFS.

Figure 19 – General Fund Earmarked Reserve Forecast

East Suffolk General Fund Reserves	Opening Balance 1st April 2023	MTFS April 2024	MTFS April 2025	MTFS April 2026	MTFS April 2027
	£'000	£'000	£'000	£'000	£'000
<b>Earmarked Reserves:</b>					
Grants/Funding Carried Forward	6,107	3,961	3,845	3,793	3,742
Planned Future Capital Spending	1,161	1,012	1,155	1,347	1,539
Planned Future Revenue Spending	16,637	13,394	11,435	9,861	8,729
Risk Based	19,799	21,133	21,118	21,138	21,148
Covid Reserve	1,165	0	0	0	0
<b>Total Earmarked Reserves</b>	<b>44,869</b>	<b>39,500</b>	<b>37,553</b>	<b>36,140</b>	<b>35,159</b>

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The Planned Future Revenue Spending Reserves contains some key individual reserves which are used to fund future budget gap pressures and projects and initiatives to support the delivery of the Strategic Plan. These are details in **Appendix B4**.

### 6. Capital Programme - General Fund

Capital budgets are approved for the life of the project which can span more than one financial year. Any capital budgets for a project that remain unspent at the end of the financial year are carried forward to the following year for project continuity. Similarly, with projects that are ahead of the original profile, budgets can be brought forward.

Actual spend on the capital programme for 2022/23 was £14.8m under budget and with £15.2m being carried forward as slippage into the current year.

**Figure 20** below includes actual spend on the capital programme from April to September 2023, and the budgets in future years as approved in February 2023. This will be the starting point for reviewing the capital budget for the 2024/25 budget process.

*Figure 20 - Review of Capital Spend from April 2023 to September 2023, and Forward Budgets*

General Fund	2023/24 £000 Original Budget	2023/24 £000 Revised Budget (Inc carry forwards)	2023/24 £000 Actuals to 30 September 2023	2023/24 £000 Variance	2023/24 £000 Budget Spent	2024/25 £000 Original Budget	2025/26 £000 Original Budget	2026/27 £000 Original Budget	Total Capital Budget over MTFS £000	Capital Budget % Service Area Allocatio n
Economic Development & Transport	14,363	15,450	77	-15,373	0%	8,782	22,849	100	46,094	12.44%
Environmental Services & Port Health	484	484	314	-170	65%	0	0	0	484	0.13%
Financial Services & Value for Money	0	388	60	-328	15%	0	0	0	0	0.00%
Corporate Services (formerly digital & programme management)	550	964	221	-743	23%	250	250	250	1,300	0.35%
Corporate Services (formerly Operations)	37,805	44,518	9,255	-35,263	21%	34,463	22,755	1,255	96,278	25.99%
Planning & Coastal Management	31,084	37,798	8,252	-29,546	22%	36,749	36,175	85,885	189,893	51.25%
Financial Services (formerly General Fund - Housing Improvement)	3,690	3,690	1,083	-2,607	29%	1,000	1,000	1,000	6,690	1.81%
Financial Services (formerly General Fund - Long Term Debtors)	5,000	5,000	0	-5,000	0%	0	0	0	5,000	1.35%
Central Government Grant Funding to Freeport East via ESC as Accountable Body	19,810	20,060	0	-20,060	0%	4,940	0	0	24,750	6.68%
<b>Total Budget</b>	<b>112,786</b>	<b>128,352</b>	<b>19,262</b>	<b>-109,090</b>		<b>86,184</b>	<b>83,029</b>	<b>88,490</b>	<b>370,489</b>	<b>100.00%</b>

An area which is fully committed for the current year is the Operations capital budget for vehicle and equipment replacement. Further discussion will be required around the vehicle replacement programme for ESSL going forward.

The financing of the capital programme impact on the revenue budgets, via;

- Direct Revenue Financing
- Earmarked revenues
- Borrowing costs - interest costs and Minimum Revenue Provision (MRP)
- Project support costs and on-going revenue costs, e.g. repairs and maintenance
- Some projects generate revenue income streams.

## Q2 – General Fund Budget Variances and Forecast 2023/24

General Fund 2023-24 Budget Forecasts									
Key Changes	Original Budget 2023/24	Approved Budget Changes (Non Staffing)		Approved Budget Changes (Staffing)		Approved Budget 2023/24	Forecast Variance to Approved Budget 2023/24		Forecast Outturn 2023/24
Service Area	£'000	£'000	Comments	£'000	Comments	£'000	£'000	Comments	£'000
Senior and Corporate Management	2,630			4	£4k Additional provision following Secretariat grading review.	2,634			2,634
Economic Development and Regeneration	2,393	45	£30k Budget Carry forward requests*, £15k additional provision to fund the management of Nature Reserve following handover.	2	£2k Addition following management grading review.	2,440			2,440
Financial Services and Other Financial Transactions	64			(17)	(£11k) virement of Corporate Apprentice budgets, (£6k) Surplus balance of hours reduction.	47	270	£270k Profit share loss - Increased waste disposal costs and pending the 2023/24 pay award	317
Revenue and Benefits	3,130					3,130	(34)	Additional Admin grant income.	3,096
Digital and Programme Management	3,461			(5)	£28k Additional resource requirements partly funded by additional ESSL recharge income (£34k) virement of Corporate Apprentice budgets.	3,456			3,456
Internal Audit Services	673			20	£20k Increased following grading review.	693			693
Human Resources	1,068			73	£7k increased provision to support intake of additional interns, £66k virement of Corporate Apprentice budgets.	1,141			1,141
Legal and Democratic Services	2,940			15	£15k Legal team grading review.	2,955			2,955
Planning and Coastal Management	4,932	17	£11k Carry Forward provision to support planning policy examiner fees, £6k to fund additional work within the Aldeburgh & Walberswick conservation area*.	(14)	£8k Provision for temporary resource, Support by Community Infrastructure Income (CIL), (£22k) virement of Corporate Apprentice budgets.	4,935			4,935
Customer Experience Strategic Management	2,523					2,523			2,523
Operations	15,062	141	£100k provision for additional contribution towards Leisure Centre utility costs*, £20k Suffolk Wildlife Trust Annual Contribution - Cabinet approved 03/10/2023, £21k provision to support additional training needs of the Marine Safety management System.	179	£29k Asset Management re-banding and maternity cover, £150k Assets Mgt - Interim Support*.	15,382	251	£250k - Parking Services income forecast to be underbudget, £45k additional income New Lease Agreement for Martello Café Felixstowe, £66k EPP budget pressure, £40k additional income Mutford Lock, £120k reduction of rental income following Wilco bankruptcy & new income from lease of ESH Annex £100k.	15,633

## Q2 – General Fund Budget Variances and Forecast 2023/24

General Fund 2023-24 Budget Forecasts		Approved Budget Changes (Non Staffing)		Approved Budget Changes (Staffing)		Approved Budget 2023/24	Forecast Variance to Approved Budget 2023/24		Forecast Outturn 2023/24
Key Changes	Original Budget 2023/24	£'000	Comments	£'000	Comments	£'000	£'000	Comments	£'000
Service Area	£'000	£'000		£'000		£'000	£'000		£'000
Communities	3,211	433	£455k Budget Carry forward requests - £62k Enabling Communities (ECB), £298k Communities Partnerships & 95k Community development* & (£22k) HAF funding supporting the Community Help Hub.	257	£196k Early Help Hub amendments*, £61k to support the approved extension of Officers*.	3,901			3,901
Environmental Services and Port Health	3,077			131	£131k Environmental Protection staffing changes approved by Full Council in 2022/23.	3,258	50	£50k Contaminated Land Project	3,258
Housing Services	5,071					5,071			5,071
<b>Cross Cutting Items:</b>									
23/24 Pay Awards (ESC Employees)						0	600	Based on National Employers Pay Offer in Feb 2023.	600
Direct Staffing and Contract						0	(300)	Current forecast, allowing for some vacancies to be filled in the year.	(300)
Inflation						0	60	Insurance premiums increase.	60
<b>Net Cost of Service</b>	<b>50,234</b>	<b>636</b>		<b>645</b>		<b>51,515</b>	<b>897</b>		<b>52,412</b>
<b>Non-Cost of Service Expenditure Adjustments (e.g. DRF,MRP)</b>									
Direct Revenue Financing (DRF)	1,229					1,229			1,229
Revenue provision for the repayment of debt (MRP)	1,743					1,743	(21)	Underspend on 2022/23 Capital Programme.	1,722
Recharges to the Housing Revenue Account (HRA)	(1,421)					(1,421)	200	Review of Recharges between HRA and GF.	(1,221)
Bad Debt Provision	(14)					(14)			(14)
Other Accounting Adjustments	25					25			25
REFCUS	(2,721)					(2,721)			(2,721)
<b>Other Operating Expenditure (e.g. Parish Precepts, Levies)</b>									
Town & Parish Precepts	7,095					7,095			7,095
Levies	251					251			251

## Q2 – General Fund Budget Variances and Forecast 2023/24

General Fund 2023-24 Budget Forecasts									
Key Changes	Original Budget 2023/24	Approved Budget Changes (Non Staffing)		Approved Budget Changes (Staffing)		Approved Budget 2023/24	Forecast Variance to Approved Budget Changes 2023/24		Forecast Outturn 2023/24
Service Area	£'000	£'000	Comments	£'000	Comments	£'000	£'000	Comments	£'000
<b>Financing and Investment Net Income and Expenditure</b>									
Interest Payable	366					366			366
Interest Receivable	(1,680)					(1,680)	(300)	Additional interest income due to increasing rates.	(1,980)
HRA Share of Interest Payable & Receivable	120					120	50	HRA share of additional investment income.	170
Other Financing Charges	386					386			386
<b>Non-Specific Grant Income (e.g. NHB, Section 31 Grant)</b>						0			0
New Homes Bonus	(447)					(447)			(447)
S31 Grant						0			0
Capital Grants	(36)					(36)			(36)
Other Non-Specific Grants	0					0			0
<b>Net Movements on Reserves</b>									
Use of Reserves for Services/Projects/Corporate	(4,592)	(502)	£502k Budget Carry Forward requests - £393K Communities New Homes Bonus (NHB), £62K Enabling Communities, £16k supporting increased planning policy budgets, £30k Economic Development EELGA Funding and additional feasibility study support			(5,094)			(5,094)
Use of Reserves for In-Year Pressures	0	(100)	£100k provision for additional contribution towards Leisure Centre utility costs	(439)	£150k Assets Mgt - Interim Support, £289k to extend Communities Officer contracts & Additional support for Early Help Hub personnel amendments	(539)			(539)
Use of Covid-19 Reserve	(1,153)					(1,153)	(12)	Adjustment to use of reserve based on 2022/23 outturn.	(1,165)
Use of Reserves to Balance the Budget	0					0			0
Capital Reserves	(232)					(232)	83	Adjustment to use of reserve based on 2022/23 outturn.	(149)
<b>Net Budget Expenditure After Reserve Movements</b>	<b>49,151</b>	<b>34</b>		<b>206</b>		<b>49,391</b>	<b>897</b>		<b>50,288</b>



## Q2 – General Fund Budget Variances and Forecast 2023/24

General Fund 2023-24 Budget Forecasts									
Key Changes	Original Budget 2023/24	Approved Budget Changes (Non Staffing)		Approved Budget Changes (Staffing)		Approved Budget 2023/24	Forecast Variance to Approved Budget Changes		Forecast Outturn 2023/24
Service Area	£'000	£'000	Comments	£'000	Comments	£'000	£'000	Comments	£'000
<b>Financed By:</b>									
Council Tax Income (District Council)	(16,367)					(16,367)			(16,367)
Council Tax Income (Town & Parish Precepts)	(7,095)					(7,095)			(7,095)
Share of (Surplus)/Deficit on Collection Fund - Council Tax	(344)					(344)			(344)
Business Rates	(22,560)					(22,560)	(192)	Pooling Benefit latest update due to appeal provisions changes across Pool members.	(22,752)
Government Support Grants (RSG, Lower Tier, Rural Services, etc.)	(2,785)					(2,785)			(2,785)
<b>Total Financing</b>	<b>(49,151)</b>	<b>0</b>		<b>0</b>		<b>(49,151)</b>	<b>(192)</b>		<b>(49,343)</b>
<b>Budget Gap / (Budget Surplus)</b>	<b>0</b>	<b>34</b>		<b>206</b>		<b>240</b>	<b>705</b>		<b>945</b>

## Q2 – Fees and Charges Income 2023/24

Service Areas	2023/24	Q2	Q2	Q2	Q2 Variance Comments
	Original Budget £'000	2023/24 Profiled Budget £'000	2023/24 Actual £'000	Variance £'000	
<b>Economic Development and Regeneration</b>					
Economic Development	(17)	(9)	(10)	(1)	No significant variance.
Landguard	(47)	(24)	(34)	(11)	Rent for café received quarterly in advance, Q3 has come in during Q2.
<b>Economic Development and Regeneration Total</b>	<b>(64)</b>	<b>(32)</b>	<b>(44)</b>	<b>(12)</b>	
<b>Revenue and Benefits</b>					
Housing Benefits	(1,314)	(657)	(557)	100	The position year to date reflects less Housing Benefit Overpayments recovered, offset by subsidy returned within 2023/24.
Tax Collection Cost	(411)	0	(0)	(0)	
<b>Revenue and Benefits Total</b>	<b>(1,725)</b>	<b>(657)</b>	<b>(557)</b>	<b>100</b>	
<b>Digital and Programme Management</b>					
ICT	(93)	(7)	(1)	6	No significant variance.
<b>Digital and Programme Management Total</b>	<b>(93)</b>	<b>(7)</b>	<b>(1)</b>	<b>6</b>	

## Q2 – Fees and Charges Income 2023/24

Service Areas	Q2		Q2 2023/24 Actual	Q2 Variance	Q2 Variance Comments
	2023/24 Original Budget	2023/24 Profiled Budget			
<b>Internal Audit Services</b>					
Internal Audit & Corporate Investigations	(205)	0	0	0	
<b>Internal Audit Services Total</b>	<b>(205)</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Human Resources</b>					
Human Resources	(107)	(0)	(0)	(0)	
<b>Human Resources Total</b>	<b>(107)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	
<b>Legal and Democratic Services</b>					
Electoral Services	(5)	(2)	(1)	1	No Significant variance.
Legal	(80)	(38)	(29)	8	Income relating to demand lead ad hoc legal services. Income is forecast to be reduced within 2023/24 due to legal services no longer being provided to the Broads Authority.
Licensing	(440)	(409)	(480)	(70)	Income received is higher than expected due to the annual nature of billing, therefore meaning that some actual income is received in advance and will be subject to a year end adjustment.
<b>Legal and Democratic Services Total</b>	<b>(525)</b>	<b>(449)</b>	<b>(510)</b>	<b>(60)</b>	

## Q2 – Fees and Charges Income 2023/24

Service Areas	Q2		Q2 2023/24 Actual	Q2 Variance	Q2 Variance Comments
	2023/24 Original Budget	2023/24 Profiled Budget			
<b>Planning and Coastal Management</b>					
Building Control	(944)	(440)	(456)	(15)	Additional Income for staff recharges to Ipswich Borough Council & Great Yarmouth Borough Council.
Coastal Management	0	0	(5)	(5)	No significant variance.
Planning	(2,376)	(1,027)	(1,191)	(163)	Income totalling £97k for CIL admin and S106 fees due to continuing high activity levels, continuing from 2022/23. Land charges income totalling £74k. The budget was reduced to reflect HM Land Registry migration, but target date for completion now Oct 2024. Remaining variance is mixture of smaller amounts including Planning app and pre-app fees.
Rights of Way	(15)	(8)	(2)	6	No Significant variance.
<b>Planning and Coastal Management Total</b>	<b>(3,335)</b>	<b>(1,475)</b>	<b>(1,653)</b>	<b>(178)</b>	
<b>Customer Experience Strategic Management</b>					
Customer Services	(7)	(3)	0	3	No Significant variance.
<b>Customer Experience Strategic Management Total</b>	<b>(18)</b>	<b>(3)</b>	<b>0</b>	<b>3</b>	

## Q2 – Fees and Charges Income 2023/24

Service Areas	2023/24	Q2	Q2	Q2	Q2 Variance Comments
	Original Budget	2023/24 Profiled Budget	2023/24 Actual	Variance	
<b>Operations</b>					
Admin Buildings	(5)	(2)	(1)	2	Mobile phone mast lease ended.
Asset Management	(2)	(1)	(8)	(7)	Staff time re-charged out.
Beach	(1,092)	(906)	(1,064)	(158)	Eastern Edge Beach Hut sales under budget £68k, Southwold Beach Hut income in advance £121k, Southwold should be over budget at year end by £25k.
Caravan and Camping Sites	(604)	(598)	(937)	(339)	Campsite income in advance £210k, the touring pitch income should be c£40k over budget at year end - depending on cancellations.
Cemeteries	(353)	(203)	(220)	(18)	No significant variance.
Concessions	(115)	(97)	(118)	(21)	Income received in advance.
Harbours and Yacht Stations	(346)	(268)	(302)	(34)	Lease income received in advance.
Indoor Leisure	(354)	(177)	(60)	117	Variance due to profiling of budget.
Industrial Estates	(620)	(310)	(447)	(137)	Income received in advance.
Leisure Strategy	(8)	(4)	(68)	(64)	£57k contribution to Matlock Dale Play area - this will be net nil variance.
Miscellaneous Land	(156)	(78)	(157)	(78)	Variance includes £28k of Back rent received in advance. Overall the forecast income should be over budget by £28k at year end.

## Q2 – Fees and Charges Income 2023/24

Service Areas	Q2		Q2 2023/24 Actual	Q2 Variance	Q2 Variance Comments
	2023/24 Original Budget	2023/24 Profiled Budget			
Miscellaneous Property	(365)	(183)	(309)	(125)	Income received in advance. East Point Pavilion annual Income budget of £66k has not come to fruition - and loss of Wilko rental income £255k.
Operational Management	(9)	(4)	0	4	Budget reflects staff time to be re-charged. Possible year end variance of £8k.
Outdoor Leisure	(21)	(11)	(15)	(5)	No significant variance.
Parking Services	(4,333)	(2,446)	(2,369)	77	Town Centre car parks income and fixed penalty notice income is down against budget.
Parks and Gardens	(1)	(1)	(3)	(2)	No significant variance.
Public Conveniences	(12)	(12)	(17)	(5)	Suffolk County Council SLA, timing of invoice.
Resort Activities	(49)	(25)	(10)	15	No significant variance.
Waste Management	(2,668)	(2,549)	(3,050)	(501)	Green Waste Income received in advance.
<b>Operations Total</b>	<b>(11,157)</b>	<b>(7,875)</b>	<b>(9,154)</b>	<b>(1,279)</b>	
<b>Communities</b>					
Active Suffolk	(45)	(23)	(15)	8	Educational courses self-funded so will have corresponding reduction in expenditure.
<b>Communities Total</b>	<b>(45)</b>	<b>(23)</b>	<b>(15)</b>	<b>8</b>	
<b>Environmental Services</b>					
Environmental Protection	(64)	(33)	(48)	(15)	Public burial income.

## Q2 – Fees and Charges Income 2023/24

Service Areas	2023/24	Q2	Q2	Q2	Q2 Variance Comments
	Original Budget	2023/24 Profiled Budget	2023/24 Actual	Variance	
Food and Safety	(23)	(11)	(13)	(2)	Additional income on export certificates and skin piercing licences.
<b>Environmental Services Total</b>	<b>(87)</b>	<b>(44)</b>	<b>(61)</b>	<b>(16)</b>	
<b>Housing Services</b>					
Homelessness	(317)	(211)	(286)	(75)	Bed & Breakfast income offset against additional costs.
Private Sector Housing	(353)	(173)	(171)	2	No significant variance.
<b>Housing Services Total</b>	<b>(670)</b>	<b>(384)</b>	<b>(456)</b>	<b>(72)</b>	
<b>TOTAL</b>	<b>(18,055)</b>	<b>(10,949)</b>	<b>(12,450)</b>	<b>(1,501)</b>	

## Q2 – Staffing Contract Spend

Outturn 2020/21 Actual £'000	Outturn 2021/22 Actual £'000	Outturn 2022/23 Actual £'000	Service Areas	2023/24 Revised Budget £'000	Q2 2023/24 Profiled Budget £'000	Q2 2023/24 Actual £'000	Q2 Variance £'000	Q2 Variance Comments
14	101	0	Senior and Corporate Management	0	0	0	0	
0	45	39	Economic Development and Regeneration	89	44	0	(44)	Being funded by Towns Fund capacity funding. Budgeted to use full amount each year but can be rolled over if not.
81	0	0	Financial Services and Other Financial Transactions	0	0	51	51	Contract staff costs incurred to support the current demand of the service, following direct management staff vacancies. Spend in year is offset by direct staff underspends.
22	0	0	Revenue and Benefits	0	0	0	0	
0	4	54	Digital and Programme Management	0	0	0	0	
0	0	8	Internal Audit Services	0	0	(8)	(8)	External ICT audit charges accrued within 2022/23, pending receipt of the invoice in 2023/24.
0	34	156	Legal and Democratic Services	40	13	51	38	Locum Lawyer contract charges incurred to support the demands of the service following difficult to recruit direct staff vacancies. Charges over and above the current budget provision are support but direct staff vacancies year to date.
51	40	199	Planning and Coastal Management	47	23	44	20	£32k Coastal Management Staffing for Resilient Coasts project - recharged from GYBC - this is funded through the Resilient Coast Grant from EA. £12k Planning Agency worker who has now become a permanent member of staff. Costs covered by direct staffing savings.
44	214	383	Operations	43	22	147	126	£108k Asset Management contract staff covering vacant posts - this is funded from reserves. Caravan and Camping Sites contract cleaning staff - additional for the new toilet/shower block, also additional contract security costs - this will be a variance to budget - budget for 2024-25 will be increased.
21	124	165	Environmental Services	0	0	0	0	
0	28	157	Housing Services	39	39	121	82	£112k Homelessness contract Staff covering vacant posts. Funded by external Funding. No impact on General Fund. £9k Private Sector Housing contract staff are externally funded, no impact on General Fund.
234	588	1161	<b>TOTAL</b>	258	141	406	265	



## Q2 – General Fund Planned Revenue Spend Reserve Forecast

Planned Future Revenue Reserve	Opening Balance	MTFS	MTFS	MTFS	MTFS	MTFS
	1st April 2023	April 2024	April 2025	April 2026	April 2027	April 2028
	£'000	£'000	£'000	£'000	£'000	£'000
Air Quality	6	6	6	6	6	6
Budget Carry Forward Requests	163	163	163	163	163	163
Building Control	516	462	408	355	301	247
Business Rates Pilot	912	829	829	792	755	718
Business Rates SPSL	1,010	791	593	593	593	593
Climate Change	14	14	14	14	14	14
Coastal Management	379	324	324	324	324	324
Active Suffolk	781	510	234	2	2	2
Customer Services	326	326	326	326	326	326
District Elections	239	79	139	199	259	319
Deployment of Flood Barrier	88	88	88	88	88	88
Economic Development	31	27	23	18	11	5
Economic Regeneration	87	87	87	87	87	87
Empty Properties and Houses in disrepair	240	235	230	226	221	217
Enterprise Zone	625	761	896	1,031	1,165	1,299
Environmental Protection	68	68	68	68	68	68
Food Safety	90	90	90	90	90	90
Growth Programme	64	64	64	64	64	64
Homelessness Mortgage Rescue	27	27	27	27	27	27
Indoor Leisure	68	18	18	18	18	18
Key Capital Programme	67	(0)	7	7	7	7
Land Charges	150	100	50	50	50	50
Landguard	179	226	234	240	244	248
New Homes Bonus (NHB)	5,439	4,012	2,568	1,316	263	0
RES - Planning Policy	171	171	171	171	171	171
Private Sector Housing	82	72	61	17	0	0
RES - Planning	400	335	270	205	140	75
RES - Planning Legal	400	400	400	400	400	400
Renovation Grants	479	374	269	164	59	0
Southwold Harbour	144	210	255	319	373	426
Transformation - Digital	298	318	314	273	232	191
Transformation - Environmental	656	656	656	656	656	656
Transformation - Financial Sustainability	2,437	1,553	1,553	1,553	1,553	1,553
<b>Total</b>	<b>16,637</b>	<b>13,394</b>	<b>11,435</b>	<b>9,861</b>	<b>8,729</b>	<b>8,450</b>