



# NORWICH City Council

**Committee name:** Cabinet

**Committee date:** 17/07/2024

**Report title:** 2023/24 Provisional Outturn

**Portfolio:** Councillor Kendrick, cabinet member for an open and modern council

**Report from:** Interim Chief Finance Officer S151 Officer

**Wards:** All wards

## OPEN PUBLIC ITEM

### Purpose

This report sets out the council's provisional outturn position for the 2023/24 financial year. The report covers the council's General Fund and Housing Revenue Account (HRA) resources and includes information in relation to both its revenue and capital position.

### Recommendation:

It is recommended that the cabinet:

- 1) Notes the provisional **£4.22m underspend** on the General Fund revenue account and the **£0.32m underspend** on the Housing Revenue Account (HRA);
- 2) Notes the provisional **£7.16m underspend** against the General Fund and the **£8.09m underspend** against the HRA capital programmes;
- 3) Notes the consequential General Fund and HRA balances;
- 4) Notes the transfers to earmarked reserves;
- 5) Delegates to the chief finance officer, in consultation with the cabinet member for an open and modern council, the approval of carry-forwards of unspent 2023/24 capital budgets into the 2024/25 capital programme;
- 6) Approves adjustments to the 2024/25 General Fund capital programme to enable external funding to be utilised for projects.

### Policy framework

The council has five corporate priorities, which are:

- An open and modern council.
- A prosperous Norwich.
- A fairer Norwich.
- A climate responsive Norwich.
- A future-proof Norwich

This report meets the 'An open and modern council' priority.

## 1. General Fund Revenue

Table 1 below sets out the estimated outturn position for general fund services which identifies a £4.22m underspend.

The forecast underspend is largely driven by one-off factors (higher interest rates, additional grants, contract rebates and no requirement to refund reserves relating to a 2022/23 item). While the Bank of England has indicated that interest rates will remain higher for longer, and the council will take account of it in its Medium-Term Financial Planning, the benefit of higher investment income on Council cash balances cannot be relied upon to support long term spending.

**Table 1 – Outturn position**

Directorate	Budget £'000s	Outturn £'000s	Variance £'000s
Chief Executive	267	314	47
Corporate Financing	(25,471)	(31,792)	(6,321)
Corporate and Commercial Services	7,308	7,524	216
Community Services	10,374	11,228	854
Development & City Services	7,522	8,507	985
<b>Total</b>	<b>0</b>	<b>(4,219)</b>	<b>(4,219)</b>

### Key variances

The provisional 2022/23 outturn report to Cabinet on the 14<sup>th</sup> June 2023, identified that the council was able to make up for a lower level of Section 31 Grants in 2022/23 without recourse to reserves. The use of reserves, and their replenishment formed part of the approved 2023/24 budget and so the 2023/24 budget for this item now represents an underspend in the current year (£2.094m).

A review of the council's Minimum Revenue Provision (MRP) policy and a decision to apply general fund capital receipts to reduce the Capital Financing Requirement has reduced the Minimum Revenue Provision requirement for the current year and in the medium term. For 2023/24, revenue costs have been reduced by £1.95m.

Interest rates continued to remain high for the duration of the financial year, and as a result, the net impact following the redistribution of the HRA share, is additional income of £1.458m to the general fund.

## 2. General Fund revenue position

### 2.1. Chief Executive and Corporate Financing

Table 2a sets out below that within the Chief Executive's area, there is an overspend of £0.047m.

**Table 2a – Chief Executive forecast**

Directorate	Budget £'000s	Outturn £'000s	Variance £'000s
Chief Executive	267	314	47

## 2.2. Corporate Financing

Table 2b sets out that within Corporate Financing, there is a provisional underspend of £6.321m. Table 2c summarises the key issues for this area.

**Table 2b – Corporate Financing provisional outturn**

Directorate	Budget £'000s	Outturn £'000s	Variance £'000s
Corporate Financing	(25,471)	(31,792)	(6,321)

**Table 2c – Corporate Financing – key issues**

Summary issues	Detailed	£'000
Transfer to/from reserves	Budget provision was made for net transfers to/from reserves including an expected drawdown in 2022/23. The improved 2022/23 outturn position meant this transfer was not required. This change in circumstances has been offset, to a degree, by additional calls on reserves, resulting in a net reduced call on reserves of £2.094m.	(2,094)
Minimum Revenue Provision changes	The council commissioned Link Asset services (the Council's treasury management advisors), to review the Council's approach to MRP. The proposed changes have been considered by the Treasury Management Committee and cabinet, and includes the reclaim of voluntary revenue payments. As a result of these changes a saving has been achieved.	(1,950)
Net impact of interest received and redistribution to HRA	Improved performance as interest rates have remained higher than originally forecast, leading to higher investment interest returns.	(1,458)
Funding Guarantee allocations grant 2023/24	The Funding Guarantee grant was included in the final settlement from Central Government for 2023/24. The grant was not included in the original 2023/24 budget due to uncertainty over the amount due.	(568)
Un-utilised provision	A provision made in 2022/23 for staff related costs which was greater than the funding ultimately required in 2023/24 and therefore created a one-off windfall benefit in 2023/24.	(260)
Other minor variances		9
<b>Total</b>		<b>(6,321)</b>

## 2.3. Corporate and Commercial Services

Table 3a below sets out that within Corporate and Commercial Services, there is a provisional overspend of £0.216m. Table 3b summarises the key issues for this area.

**Table 3a – Corporate and Commercial provisional outturn**

<b>Service</b>	<b>Budget £'000s</b>	<b>Outturn £'000s</b>	<b>Variance £'000s</b>
Corporate & Commercial Services	476	816	340
Finance, Audit & Risk	866	944	78
HR & Organisational Development	866	920	54
Legal & Procurement	1,822	1,851	29
Revenues & Benefits	3,278	2,993	(285)
<b>Total</b>	<b>7,308</b>	<b>7,524</b>	<b>216</b>

**Table 3b – Corporate and Commercial Services – key issues**

<b>Summary issues</b>	<b>Detailed</b>	<b>£'000</b>
Revenues & benefits	The variance is mainly due to higher than expected New Burdens grant funding received in year, alongside staffing vacancies due to the inability to recruit to temporary posts pending a service review.	(285)
Corporate & commercial services - Senior vacancies being covered by interim staff	A recruitment campaign for a number of vacant senior posts in the directorate commenced last year. Due to challenges in the recruitment market, appointment to key roles has taken longer than planned - these include the ED Resources, S151 officer and the Head of Finance, Audit and Risk posts.	160
Corporate & commercial services - Enabling services review	Stretch targets associated with the implementation of both the ERP and Civica MDM systems have not been achieved this year, as implementation dates have been extended.	180
Finance - Vacancies being covered by interim staff	Backfilling resources for the new finance system implementation, and senior finance posts have increased costs.	78
Legal & Procurement - Increase in election running costs/Nplaw surplus not previously recognised	The costs for running elections and electoral registration functions has risen over recent years as the costs involved in hiring venues and increased postal costs in particular have risen. This has been offset by a rebate received from NPlaw relating to a previous years charges.	29
HR & Organisational Development	The additional costs for the recruitment campaigns associated with a number of senior vacancies and a higher cost of the apprenticeship levy were pressures in the service that were offset by a salary underspend.	54
<b>Total</b>		<b>216</b>

## Community Services provisional outturn

Table 4a below sets out that within Community Services Directorate, there is a provisional overspend of £0.854m. Table 4b summarises the key issues.

**Table 4a – Community Services**

Service	Budget £'000s	Outturn £'000s	Variance £'000s
Community Services	407	663	256
Customers, IT & Digital	5,220	5,532	312
Strategy, Engagement & Culture	3,471	3,876	405
Housing & Community Safety	1,276	1,157	(119)
<b>Total</b>	<b>10,374</b>	<b>11,228</b>	<b>854</b>

**Table 4b – Community Services – key issues**

Summary issues	Detailed	£'000
Customers, IT & Digital	Variance mainly due to contractual spend for the new A365 customer contact system, local area network (LAN) hardware support and Actian settlement. Translation usage and costs for the authority were higher than anticipated. Backfill resources related to new finance system implementation have also increased costs.	312
Neighbourhood Housing	Neighbourhood CIL expenditure covered in full elsewhere within the General Fund by drawing down funding from earmarked reserves.	303
Community services - Senior vacancies being covered by interim staff	A recruitment campaign for a number of vacant senior posts in the directorate commenced last year. Due to challenges in the recruitment market, appointment to key roles has taken longer than planned - these include the ED Housing & Community Safety and ED Resources posts.	256
Other minor variances		(17)
<b>Total</b>		<b>854</b>

## 2.4. Development & City Services

Table 5a below sets out that within Development and City Services Directorate, there is a provisional overspend of £0.820m. Table 5b summarises the key issues for this area.

**Table 5a – Development and City Services provisional outturn**

<b>Service</b>	<b>Budget £'000s</b>	<b>Outturn £'000s</b>	<b>Variance £'000s</b>
Environment Services	4,180	4,542	362
Planning & Regulatory Services	2,432	2,618	186
Property & Economic Development	354	688	334
Development & City Services	556	659	103
<b>Total</b>	<b>7,522</b>	<b>8,507</b>	<b>985</b>

**Table 5b – Development and City Services – key issues**

<b>Summary issues</b>	<b>Detailed</b>	<b>£'000</b>
Property Services	Additional income from staff recharges largely offset by overspend against Investment Properties (below).	(909)
Investment property	Additional costs from council owned properties remaining void throughout the year (£0.236m); additional staff recharge costs (£0.737m) offset by increased income to Property Services team (above).	973
Integrated Waste Management	Higher contract rebate from waste recycling contracts offset by increased variable gate fees.	(181)
Parking	Increased income against budget (£355K), reduced by £135K overspend on running costs.	(220)
Planning Policy	Underspend generated from vacancies.	(131)
Open Spaces	Increased operational costs (£0.485m) arising from the need to utilise agency staff and from increased property repair costs, which were partially offset by increased income (£0.205m).	280
Towns Fund & East Norwich	Additional costs, provisionally funded from reserves, were actually funded from existing General Fund resources.	279
Bus shelters	Unanticipated costs linked to the partnership arrangements for bus shelter maintenance.	190
Environmental Services	Increased costs in line with contractual terms and conditions.	180
Street Cleaning	Increased costs arising from the Cleaner Streets project. Additional costs identified once the scope of work required became clear	166
Licensing	Increased employee costs (£0.034m) and reduced taxi licensing income (£0.086m).	120
City Development	Additional interim senior staff supporting project delivery.	103
Other minor variances		135
<b>Total</b>		<b>985</b>

### 3. Housing Revenue Account Revenue (HRA)

Table 6a, below sets out below that overall, the HRA has a provisional underspend of £0.324m for the year. Table 6b sets out the key variances against the budget.

An increase in the cost of general repairs due to the impact of inflation on the cost of labour and materials has generated an overspend, and in addition the level of work required to reinstate void properties to a lettable standard has increased, including additional asbestos related works and electrical inspections.

There has also been an increase in the cost of carrying out asbestos surveys to non-dwelling properties, costs arising from disrepair claims and interim staff covering vacant senior roles, whilst rental income from properties has increased due to the unoccupied rate being lower than expected.

Significant underspends have arisen due the cost of gas and oil for district heating being much lower than originally budgeted. This is primarily due to the 2023/24 budgets being set shortly prior to the council's gas purchase contract ending just as energy prices peaked. When the contract was renewed, the council was able to secure more favourable prices than initially anticipated.

Additionally, provisions totalling £1.277m were made in 2022/23 to cover repair and staff related costs anticipated to arise in 2023/24. Ultimately, £0.364m of the provision was utilised to offset costs with the remaining £0.913m being returned in the year.

**Table 6a – Summary forecast position**

<b>Housing Revenue Account</b>	<b>Budget (£000)</b>	<b>Outturn (£000)</b>	<b>Variance (£000)</b>
General Management	15,715	18,416	2,701
Special Services	9,290	6,630	(2,659)
Repairs & Maintenance	16,119	16,226	107
Rents, Rates, & Other Property Costs	6,030	6,730	700
Provision for Bad Debts	430	(128)	(558)
Depreciation & Impairment	22,160	23,732	1,572
Adjustments & Financing items	5,706	4,464	(1,241)
Garage & Other Property Rents	(2,320)	(2,369)	(49)
Dwelling Rents	(62,571)	(63,070)	(498)
Service Charges - General	(8,243)	(8,494)	(251)
Interest Received	(2,104)	(2,309)	(205)
Miscellaneous Income	(82)	(24)	58
Amenities shared by whole community	(130)	(130)	0
<b>Housing Revenue Account</b>	<b>0</b>	<b>(324)</b>	<b>(324)</b>



**Table 6b – HRA – key issues**

<b>Key variances:</b>		
<b>Budget pressures – overspends/loss of income</b>		
Repairs & maintenance	107	Increased costs for general repairs due to higher contract costs, increased electrical inspections plus additional void costs arising from increased level of work and asbestos associated costs. With backlog contract extended further into year.
General Management - Salary Costs	(1,347)	Net underspend from salary savings from vacant posts offsetting restructure costs. Saving offset by additional agency costs (below).
General Management – Subscriptions	85	Unbudgeted mandatory payment to the Housing Ombudsman.
General Management – Insurance	170	Insurance costs higher than budgeted due to economic conditions within the insurance sector.
General Management – Legal	268	Increased legal costs due to the larger number of cases.
General Management – Head of Housing	277	Additional professional advice and fees in relation to HRA assets.
General Management - Compensation to tenants	586	Decants and associated costs arising from disrepair issues.
General Management	1,249	Unrealised internal recharge income, no longer applicable due to transfer of service to HRA.
General Management - Agency Costs	1,649	Increased agency costs, largely offset by savings on salary costs (above).
Special Services – District Heating Gas	(2,090)	Gas budgets set as council's gas supply contract expired and gas prices peaked. Subsequent contract secured lower prices than budgeted.
Special Services – District Heating Oil	(108)	Lower fuel prices than anticipated when budget set.
Special Services – TV Aerial Maintenance	(111)	Income from TV aerial receipts offset against expenditure reducing the overall cost
Service Charges - Leaseholders	(170)	Recharge of higher level of costs to leaseholders in the year.
Service Charges - General	(140)	Additional income from insurance service charges offset by an increase in insurance costs.
Interest Received	(205)	Increased income from investments due to higher rate of interest and reduction in capital expenditure.
Dwelling Rents	(498)	Increased rental income due to lower void rate than budgeted.
Garage & Other Property Rents	(49)	Increased rental income due to lower void rate than budgeted.

Provision for Bad Debts	(588)	Lower bad debt charges arising from a better than anticipated arrears position, due to the positive work of the income team.
Rents, Rates, & Other Property Costs - Water Services	(442)	Cost of water charges lower than budgeted for year.
Rents, Rates, & Other Property Costs - General Insurance	268	Increased market pressures within the insurance sector, partly offset by service charge income.
Rents, Rates, & Other Property Costs - General HRA Premises	721	Increased cost of asbestos surveys.
Other minor variances across the HRA	44	
<b>Total</b>	<b>(324)</b>	

#### 4. General Fund Reserve

The prudent minimum level of General Fund reserve has been assessed as £5.400m. The impact of the provisional outturn on the 31<sup>st</sup> March 2023 balance brought forward is shown in Table 7 and shows the General Fund balance is expected to continue to exceed the prudent minimum balance and is consistent with the trajectory set out in the 2024/25 budget and MTFS.

**Table 7 – General Fund balance**

Item	Balance £000
Balance as at 1 April 2023	(8,249)
Budgeted utilisation of balances in 2023/24	0
Provisional outturn as at 31 March 2024	(4,219)
Transfer to earmarked reserves	4,219
<b>Forecast balance as at 31 March 2024</b>	<b>(8,249)</b>

#### 5. Housing Revenue Account Reserve

The prudent minimum level of the HRA reserve has been assessed as £5.848m. The impact of the provisional outturn on the 31<sup>st</sup> March 2023 balance brought forward is shown in Table 8 and shows the Housing Revenue Account balance continues to exceed the prudent minimum balance.

**Table 8 – HRA balance**

Item	Balance £000
Balance as at 1 April 2023	(45,249)
Budgeted utilisation of balances in 2023/24	1,210
Provisional outturn as at 31 March 2024	(324)
<b>Provisional balance as at 31 March 2024</b>	<b>(44,363)</b>

#### 6. General Fund Earmarked Reserves

Table 9 sets out the changes to the General Fund earmarked reserves. Key movements include:

- The **Lion Homes reserve** has increased by £1.3m following the reversal of the voluntary revenue provision as a result of Council approving a change to the MRP calculation in accordance with professional advice.

- The **Commercial property reserve** has been reduced by £0.325m to fund additional costs associated with minimum energy efficiency standard works to council owned properties.
- **Invest-to-save reserve** £0.150m of the drawdown to fund revenue expenditure in 2023/24 has been transferred back to the reserve for use in 2024/25 due to delays to the Master Data Management (MDM) and Civica projects.
- £0.370m of **unapplied revenue grants** have been set aside for future use in line with the terms of the grants. £0.356m of existing grants have been utilised in-year.
- £1.255m has been utilised from the **Business change reserve** for approved 2023/24 projects.
- The Neighbourhood Community Infrastructure Levy was previously held as a capital reserve, but due to the nature of expenditure it supported, was transferred to a revenue reserve during the year. £0.304m has been utilised in-year for eligible projects.

Full council on 21<sup>st</sup> February 2024 agreed that the provisional general fund underspend be transferred to the **Budget risk reserve**. Since that time a number of initiatives have been identified in 2024/25 that, due to their one-off nature, would be suitable to finance from the one-off 2023/24 underspend. These have been set out below for Cabinet to consider and they would, if agreed, be transferred in support of 2024/25 expenditure; in total these options would require £1.5m and would therefore reduce the transfer to the budget risk reserve to £2.719m.

- (i) Anglia Square – following the withdrawal of Weston Homes from the redevelopment of this site, the council has been engaging with several partners and agencies to explore the options for the site and following its marketing by the owners. The costs of external advice and support for this project in 2024/25 is estimated at £0.3m and more detail is included in the relevant report on this same agenda.
- (ii) City Hall – following the unsuccessful bid for levelling up funding in 2023, the project to re-imagine uses for City Hall was removed from the capital programme. Since that time work has continued to explore what options might still be possible without that external funding. A strategic business case is being brought forward and as a part of that, some options for accelerating survey work and other immediate works which would be complementary to future proposed uses, including enhanced Audio Visual equipment for the council chamber, have been identified. To proceed with these in advance of a new capital scheme being brought back into the capital programme would assist in understanding the likely costs and options available. A sum of £0.250m has been proposed and initially this could be financed from the 2023/24 underspend; if a capital scheme came forward and was implemented it is anticipated that this would subsequently be capitalised as part of that scheme.
- (iii) Livestock Market – work has been continuing with exploring options for relocating the livestock market and more detail is included elsewhere on this same agenda. One-off resources are required to support the bringing forward of the private bill and to undertake the required consultation as well as taking forward preliminary survey work on suitable sites. An estimated £0.2m has been requested to support this

work including the production of a business case which would support the case for investment on a relocated site including associated commercial activities.

- (iv) Some unexpected costs have been identified in relation to the renovation project at the Halls. Additional insurances and security measures were insisted on by the council's insurers that had not been envisaged in the original cost proposal through the Towns Fund. For the works to proceed without undue delay agreement was reached to finance from the council's contingency provision but it is now proposed that an element of the 2023/24 underspend be used to support those costs and allow the contingency to remain intact to cover other unforeseen items later in the year. The estimated additional costs incurred are £0.4m
- (v) Business Planning – following the adoption of the new 'community plan – We are Norwich' work to develop the Business plan on an outcomes basis is being taken forward. External support has been commissioned to assist with the outcomes elements of this work in addition to dedicated programme support to continue engagement across the council including with members and with partners to bring a focus on the key strategic driver of the council's activities. An estimated £0.25m is proposed from the 2023/24 underspend to support this work into the 2025/26 budget setting process so that resources are strongly aligned to the council's priority areas across the MTFS planning period.
- (vi) Some specialist review work has been commissioned to develop the economic growth strategy and carry out a review of Lion Homes to ensure that those key activities continue to support the council's priorities. An estimated sum of £0.1m has been proposed for both of these pieces of work.

**Table 9 – General Fund Earmarked Reserves**

<b>Reserve</b>	<b>Balance 01/04/2023 £000</b>	<b>Transfers in £000</b>	<b>Transfers out £000</b>	<b>Balance 31/03/2024 £000</b>
Insurance Reserves	311	0	0	311
Other Reserves	41	11	(17)	35
Rev Grants Unexpended Res	3,860	370	(356)	3,875
S31 Earmarked reserve	629	0	0	629
Commercial Property	2,041	0	(325)	1,716
Lion Homes reserve	1,700	1,300	0	3,000
Elections Earmarked	113	0	0	113
Repairs Reserve	529	0	0	529
GF Invest to Save Reserve	1,660	150	0	1,810
Budget Risk Reserve	1,800	4,219	0	6,019
Business Change Reserve	4,178	0	(1,255)	2,923
Business Rates Pool	110	0	0	110
Neighbourhood CIL Reserve	0	917	(304)	614
<b>General Fund Earmarked Reserves</b>	<b>16,972</b>	<b>6,967</b>	<b>(2,257)</b>	<b>21,684</b>

## 7. Housing Revenue Account Earmarked Reserves

Table 10 sets out the provisional changes in the housing revenue account earmarked reserves. Key movements include:

- The **HRA Invest-to-save reserve** has been reduced by £0.223m to fund the approved change projects. The majority of the spend is the HRA contribution to the cost associated with supporting various strategic projects.
- The **HRA Compliance reserve** was fully utilised to support revenue compliance expenditure incurred during the financial year.

**Table 10 – HRA Earmarked Reserves**

Reserve	Balance 01/04/2023 £000	Transfers in £000	Transfers out £000	Balance 31/03/2024 £000
HRA Invest to Save Reserve	703	0	(223)	480
Tenancy & Estate Management System	7	0	0	7
HRA Transformation Reserve	1,000	0	0	1,000
HRA Insurance Reserve	202	0	0	202
HRA Compliance Reserve	713	0	(713)	0
<b>HRA Earmarked Reserves</b>	<b>2,625</b>	<b>0</b>	<b>(936)</b>	<b>1,689</b>

## 8. General Fund Capital provisional outturn

Table 11a sets out below that overall, the General Fund capital programme is provisionally underspent by £7.157m for the year. Table 11b sets out the major variations against the revised capital budget.

**Table 11a – General Fund capital outturn**

Directorate	Budget £'000s	Outturn £'000s	Variance £'000s
Community Services	6,402	4,964	(1,438)
Corporate & Commercial Services	499	732	233
Development & City Services	15,384	9,432	(5,952)
<b>Total</b>	<b>22,285</b>	<b>15,128</b>	<b>(7,157)</b>

**Table 11b – General Fund capital programme – key issues**

Summary issues	Detailed	£'000
<b>CPO Revolving Fund (Towns' Fund)</b>	Expenditure is reliant upon suitable properties arising and only one property acquired during the year.	(1,650)
<b>BEIS Sustainable Warmth Grant</b>	In line with other authorities, scheme criteria was found to be too difficult to fulfil and owner/occupier householders refused to accept level of intervention required by scheme.	(1,126)
<b>Lion Homes Loan Facility</b>	Loan facility not required in financial year.	(1,000)
<b>CIL Contribution to Strategic Pool;</b>	Lower level of funds raised through CIL income from developers due to	(974)

	Nutrient Neutrality issue delaying development activity.	
<b>Play Park Equipment Refurbishment</b>	Works extended into 2024/25; budget to be requested to be carried forward.	(361)
<b>Regulatory Services Digitisation</b>	Project delayed due to procurement due diligence. Balance requested to be carried forward into next financial year.	(268)
<b>Hay Hill Public Realm</b>	Project completion delayed along with final payment to 2024/25.	(267)
<b>Digital Hub (Township Fund)</b>	Slower start than anticipated; Works and expenditure re-profiled into 2024/25.	(234)
<b>The Halls</b>	Repair work is underway although progress slightly slower than anticipated. Works will primarily be completed in 2024/25.	(178)
<b>Park Toilets Refurbishment</b>	Tenders received but work not taking place until 2024/25, therefore budget to be requested to be carried forward.	(177)
<b>GNGB Marriot's Way/ Hellesdon Station Green</b>	Project behind schedule partly due to rescoping the project and awaiting change request from funder that has now been agreed.	(177)
<b>Riverside Leisure Centre Plant/Equipment</b>	Replacement of building management system and air handling units postponed to coincide with additional projects and funding.	(167)
<b>Strategic Property Remediation</b>	Fund supports urgent works required following project to improve condition data on assets following approval of business cases. A number of business cases were approved in quarter 4 to be delivered in 2024/25.	(147)
<b>Disabled Facilities Grant</b>	Budget significantly increased during the year to enable additional grants/upgrades to be delivered; underspend to be requested to be carried forward into 2024/25.	(122)
<b>NCSL Equipment Purchase</b>	Two electric pedestrian sweepers and required charging infrastructure plus two mini RCVs acquired in 2023/24; remaining budget to be requested to be carried forward to support new sweeper fleet in 2024/25.	(112)
<b>Wider Area Network Refresh</b>	Project ongoing; budget to be requested to be carried forward into 2024/25.	(100)

<b>ERP System</b>	Pressure from extension of internal project team resource and widening of scope to implement e-invoicing module.	233
Other variances		(331)
<b>Total</b>		<b>(7,157)</b>

## 9. Housing Revenue Account Capital provisional outturn

Table 12a sets out below that overall the HRA capital programme is provisionally underspent by £8.085m for the year. Table 12b sets out the major variations against the capital budget.

**Table 12a – HRA – capital forecast position**

<b>Directorate</b>	<b>Budget £'000s</b>	<b>Outturn £'000s</b>	<b>Variance £'000s</b>
Community Services	20,478	14,196	(6,282)
Development & City Services	13,067	11,264	(1,803)
<b>Total</b>	<b>33,545</b>	<b>25,460</b>	<b>(8,085)</b>

**Table 12b – HRA capital programme – key issues**

<b>Summary issues</b>	<b>Detailed</b>	<b>£'000</b>
HRA Upgrades – Compliance Upgrades	Both the compliance and existing doors/windows budgets were identified for the replacement of all of the known fire doors across the stock, including 454 doors within the Council's Higher Risk Residential Buildings. Due to the legal process and procurement of an installation contractor, significant spend was delayed apart from the reactive ad-hoc replacement of 'emergency' doors which posed an immediate risk to residents. The remainder of the doors (and spend on the associated budgets) has slipped and will commence in 2024/25 following completion of a procurement process.	(2,116)
HRA Upgrades – Doors	Contractual issues have delayed installations into 2024/25.	(1,215)
HRA Upgrades – Solar Thermal/Photovoltaic	Revised strategy with installations to commence in 2024/25.	(664)
HRA Upgrades – Door Access Controls	Programme delayed into 2024/25 due to resourcing issues.	(655)
HRA Upgrades – Electrical	Programme delayed due to loss of one of the contractors.	(635)
HRA Upgrades – Communal Boilers/Heating	Underspend due to a delay in mobilizing the contract with Gasway to undertake the upgrade works to district heating and ventilation systems at Mile Cross. This is largely because of the	(382)

	availability of materials (specialist replacement fans) which were ordered in P6, but only delivered in P11. The planned works have now commenced.	
HRA Upgrades – Domestic Boilers/Heating	Systems upgraded as required but fewer system failures in year than anticipated.	(225)
HRA Upgrades - Windows	Fewer installations in year as contract to be reviewed to maximise value for money.	(221)
HRA Upgrades – Programme Management Fees	Reduced recharge of staff costs reflected by lower level of expenditure and staff vacancies.	(203)
HRA Upgrades – Estate Aesthetics	Less work in year as contract to be reviewed to maximise value for money.	(186)
HRA Upgrades – Structural	Less work in year as contract to be reviewed to maximise value for money.	(101)
HRA Upgrades – Whole Home Improvements	Increase in volume of homes completed plus additional void properties upgraded.	281
HRA Upgrades – Disabled Adaptations	High volume of works completed in year; overspend offset by underspend against revenue budget for minor works.	382
Capital Grants to Registered Housing Providers	Registered provider’s projects delayed into 2024/25; budget to be requested to be carried forward.	(1,478)
Argyle Street development	Scheme significantly delayed due to Nutrient Neutrality issues; carry-forward into 2024/25 to be requested.	(1,225)
Three Score Housing Acquisition	Underspend due to being able to recover stamp duty land tax on social housing acquisition.	(461)
Mile Cross Depot site	Delay to submission of planning application; carry-forward into 2024/25 to be requested.	(104)
Three Score Phase 3 development	Following re-profile of expenditure earlier in financial year, scheme has progressed faster than anticipated. 2024/25 budget to be reduced to accommodate advanced expenditure in 2023/24.	1,480
Other variances		(357)
<b>Total</b>		<b>(8,085)</b>

## 10. Proposed adjustments to 2024/25 General Fund capital programme

### Arts Council England Grant

The 2024/25 and 2025/26 general fund capital programmes currently include £2.091m and £0.498m respectively for the programme of upgrade and refurbishment works taking place at The Halls.



Following a successful bid to Arts Council England, a grant of £0.497m has been awarded to enable additional works to take place.

On 21<sup>st</sup> February 2024, Council approved to delegate to Cabinet, the approval to include in the capital programme, additional capital schemes funded wholly by grant where it meets the Council's aims. Approval is therefore sought to increase the 2024/25 general fund capital programme by £0.497m to £2.588m to reflect this grant.

### Disabled Facilities Grant

On 21<sup>st</sup> February 2024, Council approved the inclusion of a budget of £1.420m for the provision of Disabled Facilities Grants. The budget is fully funded from the council's allocation from the Better Care Fund from the Department of Levelling Up, Housing and Communities (DLUHC) via Norfolk County Council.

DLUHC have now confirmed that the council's allocation for 2024/25 is £1.411m, therefore approval is sought to reduce the 2024/25 general fund capital programme by £0.009m to £1.411m to reflect the grant allocation.

## 11. Virements

The following adjustments to projects funded by the Town's Deal within the 2023/24 general fund capital programme were approved by the chief finance officer in consultation with the executive director of development and city services in accordance with the delegation approved by Council on 21<sup>st</sup> February 2023.

All budgets are funded from existing reserves.

Project	Programme	Current Budget £'000	Budget Virement £'000	Budget Changes £'000	Revised Budget £'000
AA1019	Hay Hill Public Realm TF	2,046	490	447	2,983
AA2015	New Carrow House	18	35	0	53
AB1391	TF- Digital hub	263	97	0	360
AZ0000	St Giles Public Realm TF	653	(653)	0	0
BI0000	TF - Programme management	14	31	0	45
<b>Total</b>			<b>0</b>	<b>447</b>	

## 12. Consultation

There has been no specific consultation on this report.

## 13. Implications

### 13.1. Financial and resources

Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan 2024-29 and budget.

There are no proposals in this report that would reduce or increase resources.

## 13.2. Legal

In considering its financial and non-financial performance, the Cabinet is supporting the Council fulfil its duties under s.151 of the Local Government Act 1972 to ensure there are arrangements in place for the proper administration of its financial affairs, and under s.3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

### Statutory considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	This report does not have direct implications for equality and diversity; it reports on the financial progress made in delivering agreed services and programmes, the equality implications of which will have been considered as part of service planning or other decision-making processes.
Health, Social and Economic Impact	This report does not have direct health, social or economic implications; it provides an update on the financial progress made in delivering agreed services and programmes, the implications of which will have been considered elsewhere.
Crime and Disorder	This report does not have direct implications for crime and disorder; it provides an update on the financial progress made in delivering agreed services and programmes, the implications of which will have been considered elsewhere.
Children and Adults Safeguarding	This report does not have direct safeguarding implications; it provides an update on the financial progress made in delivering agreed services and programmes, the implications of which will have been considered elsewhere.
Environmental Impact	This report does not have direct environmental implications; it provides an update on the financial progress made in delivering agreed services and programmes, the implications of which will have been considered elsewhere.

## 14. Risk management

Risk	Consequence	Controls required
The council does not understand or manage its resources appropriately.  Budget overspend.	A potential overspending position or failure to deliver the outcomes intended from the resources allocated.  Unexpected need to draw on reserves	Management actions where an overspend is indicated.  Where underspends are apparent decisions on resource re-allocation or transfers to reserves as appropriate.

## 16. Other options considered

As the report is primarily for information no other options have been considered.

## 17. Reasons for the decision/recommendation

It is important for the Cabinet to understand the council's financial performance and to highlight corrective actions where significant variances are apparent.

**Background papers:** None

**Appendices:** None

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