

## SOUTH HOLLAND DISTRICT COUNCIL

**Report of:** Portfolio Holder for Finance and Executive Director - Commercialisation (S151)

**To:** Cabinet 10 September 2019

**Author:** Carl Holland, Deputy Head of Finance

**Subject:** 2019/20 Financial Report Quarter 1

**Purpose:** To provide information on the forecast full year financial position of the Council at 30<sup>th</sup> June 2019.

### **Recommendation(s) to Cabinet:**

- 1) That the report and **Appendix A** be noted.
- 2) That the estimated position with regard to the contributions to and use of Reserves be noted.

### **Recommendation(s) to Council:**

- 3) To approve funding of £131,000 from Growth and Commercialisation reserve and the associated adjustment to capital and revenue budgets in respect of asset works.

## **1.0 BACKGROUND**

1.1 Throughout the year quarterly monitoring reports are completed forecasting the expected year end out-turn against the budgets. This report provides information on the forecast full year financial performance at 30<sup>th</sup> June 2019, in the attached appendix, for the following areas:

- The General Fund Revenue Budget (GF),
- Housing Revenue Account (HRA),
- The General Fund and HRA Reserves Position,
- The Capital Programme for 2019/20 (GF and HRA), and
- The Treasury Management Performance for the year.

## **2.0 OPTIONS**

2.1 To note the report detailed at Appendix A.

2.2 Do nothing.

## **3.0 REASONS FOR RECOMMENDATION(S)**

3.1 To provide timely information to Members on the overall financial position of the Council.

#### 4.0 **EXPECTED BENEFITS**

4.1 To ensure that members are updated regularly on the overall Council Financial position.

4.2 To make the best use of the funding available to the Council and allow us to respond quickly to opportunities as they arise.

#### 5.0 **IMPLICATIONS**

5.1 This report is financial in nature. The outturn position in respect of the General Fund, HRA, Capital Programme, Reserves and Treasury Management are summarised below with further detail at **Appendix A**.

##### 5.2 **General Fund Revenue Outturn**

5.2.1 Quarter 1 data provides a narrow window on which to base the full year forecast and this figure is therefore susceptible to further change as the dataset upon which it is increases. The full year outturn based on current projections and assumptions is a forecast net service overspend in the General Fund of £67k.

5.2.2 This is made up of a number of variances across services. The main variation arises in respect of The Homelessness Reduction Act came into effect in 2018 and since then the costs of temporary accommodation have risen significantly. The forecasted costs have been increased for quarter 1 by £107k.

5.2.3 **High Risk** – If homelessness costs continue at the same level for the remainder of the year, the forecast overspend could be £517k.

5.2.4 This forecast overspend is reduced by a forecast saving on the Council's insurance premiums of (£50k).

5.2.5 The forecast outturn position by Directorate is detailed at **Appendix A – Table 1** together with an analysis of service variations.

##### 5.3 **Housing Revenue Account (HRA) Revenue Outturn**

5.3.1 The HRA is forecasting a £40k reduction in its surplus budget, this is mainly due to cost pressures on repairs and maintenance, more detail is provided at **Appendix A - Table 2**.

##### 5.4 **Reserves (GF and HRA)**

5.4.1 General Fund Specific Reserves are forecasting a decrease of £2.756m from £8.702m to £5.946m, further details are set out in **Appendix A - Table 3**.

5.4.2 In addition the General Fund Reserve Balance remains at £2.078m.

5.4.3 The HRA General Reserve balance is forecasting a decrease of £5.741m from £21.459m to £15.718m. More detail is provided at **Appendix A – Table 4**.

## 5.5 Capital – General Fund

5.5.1 The total General Fund Capital Programme for 2019/20 is £12.184m. **Appendix A Table 5** and the explanatory notes detail the current forecast outturn £10.882m, a forecast underspend of £1.302m. The main areas of projected variance relate to re-profiling of PSPS Transformation (£67k), £10k expected to be funded by grant for electric vehicle charging points and reduced spend by Welland Homes (£1.244m) changes to delivery plan of dwelling acquisitions.

## 5.6 Capital – HRA

5.6.1 **Appendix A - Table 8** and the explanatory notes provide detail on the forecast outturn expenditure of £13.051m. The total original approved HRA Capital programme for 2019/20 is £13.137m.

## 5.7 Treasury Management

5.7.1 Interest earned on investments during quarter 1 was £133k (compared to the profiled budget of £130k), **Appendix A** provides more information on the investments held by the Council at 30<sup>th</sup> June 2019.

## 6 Other Key Items

6.1 Fair Funding Review – No further consultations have been issued on the Fair Funding Review (FFR) or the 75% Retained NNDR scheme. If these consultations are not issued in the very near future then the likelihood of a delay in implementation of these changes is almost certain. The Chancellor has recently announced the 12 month spending round announcement will be on 4 September 2019. This all leads to high levels of uncertainty continuing for budget setting 2020-21 onwards.

6.2 Asset works – Attached for members consideration is a request for approval of funding in respect of asset works of £131,000, the full detail of which is set out in exempt Appendix B.

## 7 WARDS/COMMUNITIES AFFECTED

6.1 Income and expenditure affect all wards of the Council.

## 7 ACRONYMS

7.1 GF                    General Fund  
HRA                    Housing Revenue Account

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Background papers:                    The 2019/20 Estimates Report to Council February 2019

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**Key Decision:**                    No

**Exempt Decision:** No

**This report refers to a Mandatory Service**

**Appendices attached to this report:**

Appendix A Financial report for 2019/20 with details of the GF and HRA revenue spend, Reserves, Capital expenditure and Treasury Management.

**Please note that the following appendix is not for publication by virtue of Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)).**

Appendix B Asset Works (Exempt)