

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Portfolio Holder for Finance, Commercialisation & Partnerships and Deputy Chief Executive (Corporate Development) & S151 Officer

To: Cabinet 14 December 2021

Author: Samantha Knowles, Assistant Director - Finance

Subject: 2021/22 Financial Report Quarter 2

Purpose: To provide information on the Quarter 2 (to 30 September 2021) financial position of the Council.

Recommendation(s) to Cabinet:

- 1) That the report and **Appendix A** be noted.
- 2) That the estimated position with regard to the approved contributions to and use of reserves be noted.
- 3) That the General Fund and Housing Revenue Account Capital programme be noted as set out in **table 5 and 7** of **Appendix A**.

Recommendation(s) to Council:

- 4) To approve adjustments to the General Fund and Housing Revenue Account Capital programme as set in **table 5 and 7** of **Appendix A**.

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 September 2021, 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 2021/22 (GF and HRA), and
 - The Treasury Management Performance for the year.

2.0 OPTIONS

2.1 To note the report and to approve the recommendations 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 and in a timely fashion 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 2 data provides a 6 month's information on which to base the full year forecast, however some items are still susceptible to further change.

5.2.2 The full year outturn based on current projections and assumptions is a forecast net service surplus in the General Fund of (£4k), this does not take into account the efficiency savings target of £1.676m (efficiency savings achieved so far is £1.095m). Detail of these savings are listed in **Appendix A table 2a**.

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

5.2.4 It is extremely difficult to forecast accurately in the current circumstances as services adapt and recover from the impact of the Covid pandemic and therefore these numbers will change over the coming months and will continue to be reported to Cabinet each quarter.

5.3 Housing Revenue Account (HRA) Revenue Outturn

5.3.1 The HRA is forecasting a surplus of £1.896m (budgeted surplus is £1.970m), further detail is provided at **Appendix A - Table 4**.

5.4 Reserves (GF and HRA)

5.4.1 General Fund Specific Reserves are forecasting a decrease of £0.311m from £13.493m to £13.182m, 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 an overall decrease of £4.177m from £27.384m to £23.207m. More detail is provided at **Appendix A – Table 3**.

5.5 Capital – General Fund

5.5.1 The total revised General Fund Capital Programme for 2021/22 as at 30 September 2021 is £8.076m including year-end adjustment as reported in the 2020/21 Outturn, are detailed in **Appendix A Table 5**. Revisions totalling £0.400m are recommended for approval, as detailed in **Appendix A Table 5**, giving a revised 2021/22 programme of £8.076m.

5.6 Capital – HRA

5.5.2 The total HRA Capital Programme for 2021/22 is £14.984m are detailed in **Appendix A Table 7**. Revisions totalling £0.150m are recommended for approval, as detailed in **Appendix A Table 7**, giving a revised 2021/22 programme of £14.984m.

5.6.1 .

5.7 Treasury Management

5.7.1 **Appendix A - Section 2.5** provides details of the Council Treasury Investments. Interest earned on investments during the year to 30 September 2021 was £76.8k (compared to the profiled budget of £90.8k), as at 30 September 2021, a total of £51.744m investments were held by the council. **Appendix A Table 8** provides more information on the investments. The forecast income from investment interest has been set at £182k a reduction of income of £11k, (General Fund pressure of £10k and HRA pressure of £1k).

6 Other Key Items

6.1 Uncertainty over the Councils future funding sources remain as a result of the Chancellor of the Exchequers confirmation that the review relating to the percentage of retained Business Rates have again had to be delayed by Government from the planned implementation in 2021/22 alongside the Fair Funding review.

6.2 As Covid-19 pandemic keeps on having a considerable impact on the Council, our businesses and our residents. It is difficult to quantify the financial effects of the pandemic with any certainty, but it is expected to be significant, even after the Government's emergency Covid-19 funding is taken into account. This continues to be a major area of risk looking forward as part of the Council's Medium Term Financial Planning and is being

closely monitored.

7 WARDS/COMMUNITIES AFFECTED

7.1 Income and expenditure affect all wards of the Council.

8 ACRONYMS

8.1	GF	General Fund
	HRA	Housing Revenue Account
	HRT	Housing Repairs Team
	RTB	Right to Buy
	ICT	Information and Communications Technology
	MTFS	Medium term Financial Strategy

Background papers:	The 2021/22 Estimates Report to Council 3 March 2021
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Lead Contact Officer:

Name and Post:	Samantha Knowles, Assistant Director - Finance
Telephone Number	01775 764684
Email:	SKnowles@sholland.co.uk

Key Decision: No

Exempt Decision: No

This report refers to a Mandatory Service

Appendices attached to this report:

Appendix A	Financial report for 2021/22 with details of the GF and HRA revenue spend, Reserves, Capital expenditure and Treasury Management.
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