

SOUTH HOLLAND DISTRICT COUNCIL

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

To: Cabinet 26 April 2022

Author: Samantha Knowles, Assistant Director - Finance

Subject: 2021/22 Financial Report Quarter 3

Purpose: To provide information on the Quarter 3 (to 31st December 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, 6, 9 and 10** of **Appendix A**.

Recommendation(s) to Council:

- 4) To approve the necessary budget carry forwards for the General Fund and Housing Revenue Account Capital programme as detailed in **table 8 and 12** of **Appendix A**.
- 5) To approve virements (internal transfers) up to the value of £1.676m to reflect the efficiency savings which currently are still in service areas and due to be offset against the budget for efficiency savings.

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 31st December 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 3 data provides 9 month's information on which to base the full year forecast, however some items are still susceptible to further change.
- 5.2.2 The revenue forecast shows a deficit position of £191k as at 31st December which includes the balance of unachieved efficiency savings of £397k. The total efficiency savings requirement for SHDC was £1.676m of which £1.279m have been achieved as at 31st December, further efficiencies are anticipated as part of the final outturn. Details of these savings are listed in **Appendix A table 2a**.
- 5.2.3 The forecast outturn position by Assistant Director is detailed at **Appendix A – Table 1** together with an analysis of service variations.
- 5.2.4 It has been difficult to forecast accurately as impacted services are adapting and recovering from the impact of the Covid pandemic and therefore these numbers will change as the final outturn is produced and will be reported to Cabinet in due course.

5.3 Housing Revenue Account (HRA) Revenue Outturn

- 5.3.1 The HRA is forecasting a surplus of £1.663m (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 increase of £0.846m from £27.384m to £28.230m. 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 3rd March 2022 is £9.312m. Revisions totalling (£0.922m) are recommended for approval, as detailed in **Appendix A Table 5**, giving a revised 2021/22 programme of £8.390m.

5.5.2 The total budget carry forward due to slippage on the GF Capital Programme of £3.747m as detailed on **Appendix A – Table 8** is recommended for approval.

5.6 Capital – HRA

5.5.3 The total revised HRA Capital Programme for 2021/22 is £14.984m is detailed in **Appendix A Table 10**.

5.5.4 The total budget carry forward due to slippage on the HRA Capital Programme of £9.281m as detailed on **Appendix A – Table 12** is recommended for approval.

5.7 Treasury Management

5.7.1 **Appendix A - Section 2.5** provides details of the Council Treasury Investments. Interest receivable is forecast to be on budget across the Authority with a minor increase on the general fund and a minor shortfall on the HRA. **Appendix A Table 13** provides more information on the investments the Council holds.

6 Other Key Items

6.1 Since the start of the pandemic the Council has seen effects on its budget, these being increased expenditure in the short term in dealing with the initial response to the emerging situation and also longer-term effects on its income streams. As there have been a number of periods of varying restrictions in the last two years this has meant that it has been difficult to gauge the exact impact on income budgets. The government has now outlined a strategy to return life to a new normal and therefore the Council can now start to adapt to this and is starting to see public behaviours to return to a more normal pattern. During 2022/23 this will be monitored closely and any variances reported to Cabinet quarterly as part of the financial reporting.

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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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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