



REPORT TO:	Cabinet
DATE:	15 <sup>th</sup> November 2022
SUBJECT:	2022/23 Quarter Two Finance update
KEY DECISION:	<i>N/A</i>
PORTFOLIO HOLDER:	<i>Councillor Coupland</i>
REPORT AUTHOR:	Samanatha Knowles (Deputy S151), Edward Brindle (Strategic Finance Manager PSPS) and Lazaros Mafuko (Deputy Chief Finance Officer (Client) PSPS)
WARD(S) AFFECTED:	<i>N/A</i>
EXEMPT REPORT?	<i>No</i>

**SUMMARY**

This report sets out a summary of the current financial position for the Council at the end of the second quarter of 2022/23 for members consideration.

**RECOMMENDATIONS F1 – Appendix A**

That Cabinet:

- 1) Note the report and Appendix A.

**REASONS FOR RECOMMENDATIONS**

To ensure the Council’s financial position for 2022/23 is considered and any related decisions approved. It is important that the Cabinet are aware of the financial position of the General Fund and HRA, to ensure that they can make informed decisions that are affordable and financially sustainable for the Council.

## OTHER OPTIONS CONSIDERED

To not approve the report.

## REPORT

### BACKGROUND

Throughout the year quarterly monitoring reports are completed forecasting the expected year end outturn against the budget. This report provides information on the forecast full year financial performance at 30 September 2022 and as detailed in the attached Appendix A, 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.

### General Fund Forecast Outturn

Quarter 2 data provides a 6 month view on which to base the full year forecast in what is a volatile and inflationary environment, these figures are therefore susceptible to further change. The full year outturn based on current projections and assumptions is a forecast net service overspend in the General Fund of £399,000 by the year end.

The major variances relate to pay and fuel inflation, increased investment income, homelessness costs and a budgeting error.

The forecast position by Assistant Director is detailed at **Table 1** together with an analysis of service variations.

### Reserves

General Fund Specific Reserves are forecasting a planned decrease of £5.032m from £11.616m. Further specific details are set out in **Appendix A – Table 3** with associated narrative.

The General Fund Reserve Balance remains at £2.078m.

The HRA General Reserve balance is forecasting a planned decrease of £4.0m from £28.608m to £24.608m. **More detail is provided at Appendix A – Table 3.**

### Housing Revenue Account

The forecast position by Service Area is detailed at **Table 4** together with an analysis of service variations. The Net deficit for 2022/23 is forecasted to be £140k. The variances are explained in **Table 4.**

## Capital – General Fund

The total General Fund Capital Programme for 2022/23 is £12.670m including year-end adjustment as reported in the 2021/22 Outturn as detailed in **Appendix A Table 6**. Revisions are recommended for approval, as detailed in **Appendix A Table 5**, giving a revised 2022/23 programme of £12.820m.

## Capital – Housing Revenue Account

The total HRA Capital Programme for 2022/23 is £15.344m including year-end adjustment as reported in the 2021/22 Outturn as detailed in **Appendix A Table 9**.

## Treasury Management

**Section 2.5** provides details of the Council's Treasury Investments. The Council's 2022/23 budget for investment income is £294k. At the end of September 2022 investment income estimated to be approximately £341k. The current forecast outturn for 2022-23 is estimated to be approximately £1,040k which is £746k above the budget. If interest rates continue to rise this forecast outturn will subsequently increase.

The Council has external loans held with Public Works Loans Board totalling £67.5m. Interest costs on this external borrowing is forecast £2.3m for 2022/23.

## CONCLUSION

To ensure that the Quarter two position is scrutinised and the forecast outturn reviewed.

### FINANCIAL IMPLICATIONS

As contained in Appendix A

### LEGAL IMPLICATIONS

None

### CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None

### EQUALITY AND SAFEGUARDING IMPLICATIONS

None

**OTHER IMPLICATIONS**

None

**CONSULTATION**

None

**APPENDICES**

Appendix A

**BACKGROUND PAPERS**

Background papers used in the production of this report are listed below: -

<b>Document title</b>	<b>Where the document can be viewed</b>
Finance outturn Report	Cabinet 13th September 2022 Agenda
The 2022/23 Estimates Report to Council	Council 3 <sup>rd</sup> March 2022 Agenda

**CHRONOLOGICAL HISTORY OF THIS REPORT**

<b>Name of body</b>	<b>Date</b>

**REPORT APPROVAL**

Report author:	Edward Brindle, Strategic Finance Manager, PSPS and Lazaros Mafuko, Deputy Chief Finance Officer (Client), PSPS
Signed off by:	Samantha Knowles, Assistant Director Finance
Approved for publication:	Councillor Coupland Portfolio Holder for Finance