



REPORT TO:	Cabinet
DATE:	26 th September 2023
SUBJECT:	2023/24 Quarter One Finance update
KEY DECISION:	N/A
PORTFOLIO HOLDER:	<i>Councillor Redgate</i>
REPORT AUTHOR:	Lazaros Mafuko (Strategic Finance Manager PSPS) and Colleen Warren, (Head of Finance, Client PSPS)
WARD(S) AFFECTED:	N/A
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 first quarter of 2023/24 for members consideration.

RECOMMENDATIONS F1 – Appendix A

That Cabinet:

- 1) Note the report the current projected overspend of £353,000 and the related detail set out in Appendix A
- 2) Recommends to Full Council to amend the Capital Programme to take into account the changes set out in this report at Appendix A – Table 4 (General Fund) and Table 7 (HRA)

REASONS FOR RECOMMENDATIONS

To ensure the Council's forecast financial position for 2023/24 is considered and related decisions approved. It is important that the Cabinet are aware of the financial position of the

General Fund to ensure that they can make informed decisions that are affordable and financially sustainable for the Council.

OTHER OPTIONS CONSIDERED

To not approve the reserve movements outlined.

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 as of 30th June 2023 and as detailed in the attached Appendix A, for the following areas:

- The General Fund Revenue Budget,
- The General Fund Reserves Position,
- The Capital Programme for 2023/24
- The HRA Revenue Budget,
- The HRA Reserves Position,
- The HRA Capital Programme for 2023/24, and
- The Treasury Management Performance for the year.

General Fund Forecast Outturn

Quarter 1 data provides a 3-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 net cost of services is currently forecast to overspend by £289,000. The efficiency savings so far identified are 63% of the target of £887,000. The non-services income and expenditure is forecast to overspend by £64,000. This results in a full year forecast overspend of £353,000 for the General Fund based on current projections and assumptions.

The major variances relate to pressures due to people seeking assistance for homelessness, increased investment income and further savings targets. The forecast position by Assistant Director is detailed at Appendix - Table 1 together with an analysis of service variations.

Savings Target

When setting the budget certain assumptions had to be made around inflation pressures particularly pay, fuel, power and support for IDB costs. As a result of this approach when the budgets are not required e.g., as budgets become more accurate these are being offset against the savings target and this information is detailed in Appendix A – Table 1b of the report. The current position is that £556,000 of potential savings have been identified at quarter 1 against the target of £887,000 and further areas have been identified for detailed consideration.

Further revenue pressures

There are emerging revenue pressures coming forward from statutory services these will need to be considered extremely carefully in light of the Councils revenue position. As part of the budget setting process proactive engagement with Councillors will take place to facilitate that debate regarding efficiencies to facilitate support for statutory services.

IDB's

The financial pressure generated by the Internal Drainage Boards has been supported by government for 2023/24 in the sum off £299,000 in respect of which we are very grateful. However, the issue and challenge of a longer-term solution to this problem has been raised again with government officials at DLUC and BEIS, in order to seek to come to a resolution that enables the Council to make use of the Council Tax that it raises for the purpose that it is set. In addition, the Council is now working with others affected in the setting up of a Special Interest Group on this topic to take it forward. Further updates will be provided as this matter progresses.

Reserves

General Fund Specific Reserves are forecasting a planned increase of £408k from £3.805m. Further specific details are set out in **Appendix A – Table 2** with associated narrative.

The General Fund Reserve Balance remains at £2.078m.

Capital – General Fund

The total General Fund Capital Programme for 2023/24 is £27.111m including year-end adjustment as reported in the 2023/24 Outturn as detailed in **Appendix A Tables 4**. The capital programme has experienced slippage which is being reviewed and considered as part of this report.

Housing Revenue Account (HRA) Revenue Outturn

The HRA is forecasting a surplus of £2.001m (budgeted surplus is £2.086m). This is £85k less than expected, further detail is provided at Appendix A - Table 3a.

Reserves

The HRA General Reserve balance is forecasting an overall decrease of £14.273m from £27.875m to £13.602m. More detail is provided at Appendix A – Table 2. This is mainly due to a significant acceleration of the acquisitions programme and the investment income and future funding arrangements for this programme will need to be considered in future reports to Cabinet.

Capital – HRA

The total revised HRA Capital Programme after proposed approvals for 2023/24 is £23.798m as detailed in Appendix A Table 7.

Treasury Management

Section 2.5 of Appendix A provides details of the Council's Treasury Investments. The Council's 2023/24 annual budget for investment income is £1.861m. At the end of June 2023 investment income is estimated to be approximately £567k. The outturn for investment income for 2023/24 is now forecast to be £2.4m split £1.5m GF and £900k HRA. Investment income is anticipated to be £316k above the budget for GF and £223k for HRA. If interest rates and cash balances continue to rise this forecast outturn could improve, however certain elements of the Capital Programme have experienced accelerated spend so this is currently being considered as part of the forecast modelling in this area.

The Council has external loans held with Public Works Loans Board totalling £67.456m. Interest costs on this external borrowing will be £2.347m for 2023/24.

CONCLUSION

To ensure that the Quarter one 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: -

Document title	Where the document can be viewed

CHRONOLOGICAL HISTORY OF THIS REPORT

Name of body	Date

REPORT APPROVAL

Report author:	Lazaros Mafuko, Strategic Finance Manager, PSPS and Colleen Warren, Head of Finance (Client), PSPS
Signed off by:	Christine Marshall, Deputy Chief Executive (Corporate Development) and S151
Approved for publication:	Councillor Paul Redgate Portfolio Holder for Finance