

Minutes of a meeting of the **CABINET** held in the Council Chamber, Council Offices, Priors Road, Spalding, on Tuesday, 26 September 2023 at 4.00 pm.

PRESENT

C N Worth (Leader)

G J Taylor (Deputy
Leader)
T A Carter (Deputy
Leader)
J R Astill

H J W Bingham
A Casson
P A Redgate

E J Sneath
J Tyrrell

Apologies for absence were received from Councillor A Woolf

In Attendance: Councillor B Alcock (Chairman, Performance Monitoring Panel), Councillor A C Beal (Chairman, Governance & Audit Committee), Councillor R A Gibson (Leader, Independent Group), the Joint Chief Executive, the Deputy Chief Executive – Corporate Development (S151), the Chief Finance Officer (PSPS), the Head of Finance (Client) and the Democratic Services Manager.

22. DECLARATIONS OF INTEREST.

There were none.

23. 2023/24 QUARTER ONE FINANCE UPDATE

Consideration was given to the report of the Deputy Chief Executive – Corporate Development (S151) which set out a summary of the current financial position for the Council at the end of the first quarter of 2023/24 for members consideration.

The Portfolio Holder for Finance, Commercialisation, UKSPF and Levelling Up presented the report and apologised for needing to consider the report at a special meeting. This had unfortunately been necessary due to resourcing challenges in PSPS Limited which were in the process of being addressed through recent recruitment processes.

The Portfolio Holder for Finance, Commercialisation, UKSPF and Levelling Up advised that the financial environment continued to be extremely volatile and challenging. In response to this he encouraged all Portfolio Holders to continue with their proactive scrutiny and consideration of their budget areas.

Table 1 on page 11 of the report currently showed a general fund revenue overspend of £353,000. This had mainly been due to the

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following factors:

- Homelessness pressures, the relevant Portfolio Holder had been working hard on this with the service to mitigate and address this.
- There were some smaller service overspends where continued focus was required.
- The residual efficiency requirements of this year of £331,000.

The Portfolio Holder for Finance, Commercialisation, UKSPF and Levelling Up advised that those pressures had been partially offset by an increase in investment income of £316,000, resulting in a net pressure of £353,000 on the general fund. As it stood, if the situation was not addressed, this would be a further impact on the general fund reserves.

In terms of the HRA revenue position as set out on pages 12/13 this continued to be in a very positive position, with a budgeted revenue surplus of circa £2 million per annum.

With regard to the capital position, the General Fund Capital Programme was currently underspending and would be subject to review.

In terms of the HRA due to an acceleration in section 106 acquisitions, this programme has been significantly increased. Looking to the longer term on the HRA Capital Programme, the authority would need to consider longer term funding opportunities as an alternative to direct use of reserve.

With regard to treasury management, the Portfolio Holder for Finance, Commercialisation, UKSPF and Levelling Up advised that the authority continued to manage the cash of the Council in accordance with the regulations, focusing on security, liquidity and yield, with the current investments set out on page 20 of the report.

The final part of the Appendix attached to the report detailed the current collection of Council Tax, business rates and sundry debts. The authority continued to stay focused on this area in what were difficult economic circumstances currently.

The Portfolio Holder for Finance, Commercialisation, UKSPF and Levelling Up advised that in summary, the authority was in a challenging financial environment and would need to work hard over the coming months with services to look at opportunities for efficiency and innovation.

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The following questions and observations were raised:

- It was noted that it was not good practice to be considering figures for June at the end of September and a number of reports the authority relied on needed to be brought forward quicker and earlier.
- It was observed that the capital side was going to be able to accommodate what the council wanted to do but revenue was a concern. Looking at what the authority was faced with it was going to be difficult and the authority needed to be careful how it moved forward. The authority was fortunate regarding the windfall from the drainage board situation and windfall from the interest accrued from investments was in advance of what expected. It was perceived that the authority had tended not to utilise those windfalls but to put them to one side to offset when interest rates began to lower again and it was questioned whether the authority should take more advantage of those two windfalls?
- The Leader agreed that the revenue issues meant a challenging time for councils all over the country and the importance of financial management was crucial, building into a medium-term financial plan going forward. The authority would have to make some difficult decisions. Savings were needed and they were going to have to be quite transformational. There was a need to work smarter.
- The Portfolio Holder for Communities and Operational Housing advised that she was very confident that the Homelessness team was now working better. There had previously been staff retention issues and a reliance on agency staff. There were three properties coming through via funding which would have a big impact. The number of people in paid temporary accommodation was in a different place because of the improved and preventative ways of working. It was noted that in the lead up to winter there was a need to be intelligence lead and continue to undertake preventative work.
- The Leader advised that the authority was lucky to receive a one-off payment via the drainage board, however it remained a real issue going forward, and the authority would continue to lobby. A Special Interest Group was being proposed to try and make a difference.
- Clarification was requested on the budget errors and the Head of Finance advised that when the budget had been set some information wasn't available to be able to set accurate budgets and alongside this every year the Government changed how it delivered grants. Going forward there would be a full look at the budget process

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and the Head of Finance gave the assurance that the errors would be corrected and wouldn't happen again. It was requested that an explanation of any errors should be contained within the report – this was noted.

- It was requested whether any potential savings could be found in the Procurement and Finance strategies as they were in the process of being finalised. The Section 151 officer advised that the strategies were still being looked at but gave assurance that as a partnership a tender process had been followed and savings of a quarter of a million pounds had been made. The authority was also looking at other areas eg insurances and were currently going through some preparatory work for a tender which would potentially provide further savings.
- In 2.5 of Appendix A it stated that the capital programme had experienced an accelerated spend and an explanation of this was requested. The S151 officer advised that due to the downturn in the housing market the council was being approached more regularly by developers to purchase S106 properties and the authority were stepping into the market. This was good news for Housing Revenue Account as it was accelerating the programme of recovering from the authorities right to buy disposals, but it meant that the authority was bringing some of that programme forward. It was noted that the surge of business had not been anticipated.
- The UK annuities bond was listed as a long-term investment, and it was questioned as to whether this was likely to give the authority any returns. It was confirmed that a watching brief would be kept on this investment.
- A question was asked in relation to undertaking some work on the industrial units in Crowland – it was advised that this should be asked of the department who would provide a response.

DECISION:

- 1) That the report, current projected overspend of £353,000, and the related detail set out in Appendix A be noted.

RECOMMENDATION TO COUNCIL:

- 2) 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)

(Other options considered:

- *To not approve the reserve movements outlined.*

Reasons for decision:

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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.)

(The meeting ended at 4.27 pm)

(End of minutes)

Any RECOMMENDATIONS TO COUNCIL detailed above will be submitted for consideration to the meeting of the Full Council on 27 September 2023.