



<b>REPORT TO:</b>	South Holland District Council
<b>DATE:</b>	Wednesday, 15 May 2024
<b>SUBJECT:</b>	Report from Cabinet meeting on 26 March 2024
<b>PURPOSE:</b>	To consider the recommendations of the Cabinet in respect of: <ul style="list-style-type: none"><li>• 2023/24 Quarter Three Finance update (Cabinet minute 71) (Cabinet agenda item 7)</li></ul>
<b>KEY DECISION:</b>	No
<b>PORTFOLIO HOLDER:</b>	Portfolio Holder for Finance, Commercialisation, UKSPF and Levelling Up
<b>REPORT OF:</b>	Cabinet
<b>REPORT AUTHOR:</b>	Christine Morgan
<b>WARD(S) AFFECTED:</b>	
<b>EXEMPT REPORT?</b>	No

#### **SUMMARY**

This report provides Members of the Council with details on issues considered by the Cabinet at its meeting on 26 March 2024, which require decisions by Full Council. Relevant extracts from the Cabinet minute are detailed at Section 2 below, and the relevant Cabinet report and appendices are attached as appendices to this report.

#### **RECOMMENDATIONS**

That Full Council :

Amends the Capital Programme at Appendix A – Table 4 to take into account the changes set out in the report

#### **REASONS FOR RECOMMENDATIONS**

The reasons for recommendations are detailed within the individual report attached and are summarised in the relevant Cabinet minute below.

## **OTHER OPTIONS CONSIDERED**

Other Options considered are detailed within the individual report attached and are summarised in the relevant Cabinet minute below.

### **1. BACKGROUND**

- 1.1** Article 4 of the Council's Constitution provides that only the full Council may exercise the functions of approving, adopting or amending the policy framework and budget, adopting or changing the Constitution. Staffing matters are also a Council function. The Cabinet however has responsibility for advising the Council on such matters. At its meeting on 26 March 2024, the Cabinet made recommendations to Council in respect of the above item which may affect budget and policy framework, constitution or compromise staffing issues.
- 1.2** The remainder of this report details the recommendations of the Cabinet which must be read in conjunction with the individual report to Cabinet, a copy of which is attached as appendices.

### **2. 2023/24 QUARTER THREE FINANCE UPDATE (Report submitted to Cabinet – Agenda item 7 attached)**

Consideration was given to the report of the Deputy Chief Executive – Corporate (S151 Officer) which set out the current financial position for the Council at the end of the third quarter of 2023/24.

The Portfolio Holder for Finance, Commercialisation, UKSPF and Levelling Up presented the report.

This year continued to be challenging with high inflation impacting on contract uplifts, power, pay and fuel. Pressures within homelessness continued to be an area of concern, and market downturn generally as the economy reacted to high interest rates and cost of living increase impacts fed through. The impact of the pay award had now been included in the outturn forecast.

#### **Revenue Outturn**

The revenue outturn forecasted a deficit position of £340,000 at the year-end (Table 1 in Appendix A provided the detail).

The following issues were raised for the Cabinet's attention:

- The largest change since Q1 was within the Finance area of the budget. A £426,000 movement had taken place in respect of Finance, this related mainly to £186,000 rent allowances, and £80,000 rent rebates as a result of not being able to reclaim full subsidy for Homelessness cases in particular Bed and Breakfast. The Portfolio Holder for this area had been supporting the officer team to investigate opportunities for minimising and mitigating this impact. These movements could be subject to further change at the end of the financial year. In addition, there has been some duplication of income streams that were previously separately funded, totalling £98,000, that had now been adjusted for. Plus, there has been an increase in external audit fees - this was an increase being seen across all audit areas.
- In relation to General Fund Assets, car parking income was not performing as well as expected. However, with changes to working practices in the service and the procurement of

new car parking machines, improvement going forward was expected. Work was currently being undertaken to look at Garage sites and their income generally and new tenants for Priory Road were being investigated. The overspends were largely offset by an underspend in Programmed Building Maintenance.

- In Leisure and Culture, there was a pressure from the loss of a tenant at the South Holland Centre and again the service was looking at options for addressing this budget impact.
- With regards to Neighbourhoods, there had been additional pressures from Agency Staff and the impact of the pay award - this has been partly offset by unbudgeted income. The service was continuing to look at options for managing Agency Staff pressures.
- With regards to Planning, members were reminded of a recent increase in fees and charges. This income stream was always an area that struggled during an economic downturn and would continue to be monitored closely.
- Homelessness continued to be an area of significant focus and attention.
- On a positive, Investment Income continued to over-perform due to better than anticipated interest rates.
- Adjustments for Minimum Revenue Provision relating to vehicles had been made.

The 2023/24 budget included a savings efficiency target of £887,000 - savings achieved to date, totalling £656,000 were detailed in table 1b. Further work was planned to look at other opportunities to address the £276,000 outstanding.

In addition, in order to assist the budget, a release from reserves of £300,000 of the New Homes Bonus received had been approved at Quarter 2. The Quarter 3 reserves position reflected this approval.

## **HRA**

In Table 3a there were budget variances taking place again due to inflationary pressures, demand for services, and due to new more demanding statutory responsibilities, in addition to some budget adjustments that were taking place. The overall position was a surplus of £1.598 million.

## **Capital: General Fund/HRA**

Tables 4 and 7 provided details of all capital schemes. The revised capital budget as at Q3 for the General Fund was £8.865 million, slippage for the capital schemes was approved as part of the 2024/25 budget setting process and for the HRA the revised capital programme was £23.897 million. Changes to the capital programme were now also being clearly tracked to provide transparency of changes between one report to another. Slippage continued to be carefully monitored and considered and budgets refined as the budget setting process progressed.

## **Treasury**

The Council's cash continued to perform well with £298,000 achieved in excess of budget.

Finally, members were advised of an additional recommendation, requesting approval of an addition to the Capital Programme of £100,000 to support Parish Loan applications, to be funded through internal borrowing. The Portfolio Holder believed that this was a positive, outward-looking proposal that would allow actions to be undertaken in communities within the District. The Leader agreed and advised that it was a way forward that had always been available previously, but with little take-up. It was a good way of levelling up funding across the District.

The following points were raised:

- The covering report referred to emerging revenue pressures – what were these?
  - The Portfolio Holder for Finance, Commercialisation, UKSPF and Levelling Up clarified that these were emerging pressures for the year ahead rather than the year before, for example increases relating to IDBs into the new year, pay awards etc.
- With regard to the pay awards, an estimate of 5% had been made – what was the mean figure?
  - The Portfolio Holder for Finance, Commercialisation, UKSPF and Levelling Up advised that the figure was close to 5% but would advise of the exact amount once confirmed.
- Within Appendix A, Section 2.1 (Key Financial Issues) stated that homelessness remained consistently above projected levels for the quarter – with this in mind, should the projected levels be reviewed or increased, and what was being done to address the issue?
  - The Portfolio Holder for Communities and Operational Housing advised that the Housing Team would have given careful consideration to their projections going forward, whilst working within budgets. There had been a reduction in B&B spend in the forthcoming year. There were LAHF (Local Authority Housing Fund) properties coming through which would make a significant difference in supporting homelessness. The issue of homelessness was a very difficult area to forecast and predict, but the Council's processes were currently very good, and there had been a significant improvement in this area. Improvements were always being sought, and extra pieces of work were being undertaken in an effort to bring the cost of homelessness to the Authority down. Costs were higher than wished, but the Council was moving in the right direction to address this.
  - The Portfolio Holder for Finance, Commercialisation, UKSPF and Levelling Up agreed that when comparing figures to previous years, the current position was much stronger than it had been for some time. Officers were attempting to get ahead of the curve by doing a lot of holistic work in order to try and address issues before they happened.
- Within Appendix A, Section 2.2 (Revenue Budget), Table 1 stated that there had been a £98,000 underspend due to warranty cover and postponed upgrades – what would be the knock-on effect of this, when would the upgrades be undertaken and what would the cost implication be?
  - The Portfolio Holder for Corporate, Governance and Communications was not able to provide a full response and advised that this would be provided in due course.
- Could an update on the current status of the depot at Wardentree Lane be provided?
  - The Portfolio Holder for Environmental Services was not in attendance at the meeting, and a response would therefore be provided in due course.

#### **DECISIONS:**

- 1) That Cabinet notes the forecast revenue position of a £340,000 overspend for 2023/24 as detailed in Table 1;
- 2) That Cabinet notes the forecast revenue position of the HRA for 2023/24 (surplus of £1.598m) as detailed in Table 3a;

- 3) That Cabinet approve an addition to the Capital Programme of £100,000 to support Parish Loan applications to be funded through internal borrowing.

### RECOMMENDATIONS TO COUNCIL

- 4) That Cabinet recommends to Full Council to amend the Capital Programme at Appendix A – Table 4 to take into account the changes set out in this report.

*(Other options considered:*

- To not approve the reserve movements outlined.*

*Reasons for decision:*

- 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).*

### APPENDICES

Appendices are listed below and attached to the back of the report: -

APPENDIX A	Cabinet agenda Item 7 – 2023/24 Quarter Three Finance update (Cabinet covering report)
APPENDIX B	Cabinet agenda Item 7 – 2023/24 Quarter Three Finance update (Appendix A to original Cabinet report)

### BACKGROUND PAPERS

No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.

### CHRONOLOGICAL HISTORY OF THIS REPORT

Name of body	Date
Cabinet	26 March 2024

### REPORT APPROVAL

Report author:	Christine Morgan cmorgan@sholland.gov.uk
Signed off by:	The individual report has previously been signed off by the relevant Director and Portfolio Holder
Approved for publication:	As above.