



REPORT TO:	Cabinet
DATE:	17 th September 2024
SUBJECT:	2024/25 Quarter One Finance update
PURPOSE:	To set out the current financial position for the Council at the end of the first quarter of 2024/25
KEY DECISION:	N/A
PORTFOLIO HOLDER:	Councillor Redgate – Portfolio Holder for Finance
REPORT OF:	Christine Marshall – Deputy Chief Executive Corporate s151
REPORT AUTHOR:	Lizzie McGrath (Strategic Finance Manager PSPS) N/A
WARD(S) AFFECTED:	
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 2024/25 forecasting to the year end for members consideration.

RECOMMENDATIONS

It is recommended:

- 1) That Cabinet notes the forecast revenue position of a £67k overspend for 2024/25 as detailed in Table 1 and the need for continued focus on the savings and efficiency programme.
- 2) That Cabinet approve a transfer to the Planning reserve of £300,000.
- 3) That Cabinet approves the amendments to the Capital Programme at Appendix A – Table 4 to take into account the changes set out in this report.

RECOMMENDATIONS TO COUNCIL FROM CABINET:

It is recommended:

- 4) That Cabinet refers to Full Council the approval of an amended 2024/25 budget for the Housing Revenue Account (HRA) with a surplus of £192k including an associated reserve withdrawal, as detailed in Table 3.

REASONS FOR RECOMMENDATIONS

To ensure the Council's forecast financial position for 2024/25 is considered and related decisions approved. It is important that the Cabinet are aware of the financial position of the General Fund and Housing Revenue Account 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

1. BACKGROUND

- 1.1 Appendix A provides information on the full year forecasted financial performance at 30 June 2024 for the following areas:
 - The General Fund Revenue Budget,
 - The General Fund Reserves Position,
 - The Capital Programme for 2024/25,
 - The HRA Revenue Budget,
 - The HRA Reserves Position,
 - The HRA Capital Programme for 2024/25, and
 - The Treasury Management Performance for the year.

General Fund Forecast Outturn

- 1.2 Quarter 1 data provides a view on which to base a revised full year forecast. The full year outturn based on current projections and assumptions is a forecast net deficit of £67k.
- 1.3 The major variances relate to continued staffing pressures within services, offset by increased investment income. It is proposed that a transfer to the Planning reserve of £300k is made due to a large receipt. The forecast position by Assistant Director and Corporate Areas is detailed at **Appendix A - Table 1** together with an analysis of variations.

Savings Target – General Fund

- 1.4 An efficiency target of £831k is included in the 2024/25 General Fund budget. Saving opportunities are being monitored throughout the year, this information is detailed in

Appendix A – Table 1c of the report. The general fund forecast outturn position assumes 100% of the efficiency target is achieved. At 30 June 2024, 55% of the efficiencies have been identified, this position reflects the recent IDB funding support announcement and savings/income identified as part of the Q1 monitoring process.

- 1.5 In order to balance the budget including the Q1 deficit, remaining efficiencies to be found total £441k. As previously reported the Leader, Finance Portfolio Holder and Senior Leadership Team review monthly progress against the current plans for achieving the requirement.

IDB's

- 1.6 The financial pressure generated by the Internal Drainage Boards has now been supported by Government for 2024/25 to the sum of £335k as very recently announced. This is a really positive sign that the Government has taken note of the financial impact being felt by this Council. and is responding to the representations by the Special Interest Group. A further meeting is scheduled with the Local Government Minister on the 21st October which affords an opportunity to press for a longer term funding solution and for further financial support as this only partially reflects the pressure that the Council has seen over the past few years.

Capital – General Fund

- 1.7 The total General Fund Capital Programme for 2024/25 was £10.605m, with the amendments proposed in this report, the revised capital programme for 2024/25 will be £10.709m, as detailed in **Appendix A – Table 4 & 5**. Actual capital expenditure for Q1 2024/25 is £557k. This will continue to be closely monitored.

2. Housing Revenue Account (HRA)

HRA Revenue Budget

- 2.1 The HRA revenue budget became under extreme pressure in 2023/24, these pressures have persisted into 2024/25 and following a detailed review process are not expected to curtail. Alongside service specific pressures, hyperinflation with repairs and maintenance in particular experiencing cost inflation, ageing components, greater publicity of the responsibility of social landlords, and increased awareness and reports of Damp, Condensation and Mould, have all compounded demands which the service require the financial resources to deliver.
- 2.2 Section 2.3 of Appendix A proposes a 'reset' HRA revenue budget for 2024/25. The HRA revenue budget was a net surplus of £538k, with the amendments proposed in this report, the revised budget will be a net surplus of £192k as detailed in **Appendix A – Table 3**. Further work is still being undertaken to understand the pressures and potential mitigations to assist in forward planning, this is alongside the Business Planning and planned survey work.

Capital – HRA

- 2.3 The total HRA Capital Programme for 2024/25 is £13.851m with actual capital expenditure of £2.107m at 30th June 2024, as detailed in **Appendix A – Table 7**.
- 2.4 Alongside the revenue budget reset, a review of the HRA Capital Programme is underway. A stock condition survey programme has commenced, which alongside the Asset Management Strategy, will inform future investment decisions.

3. Treasury Management

- 3.1 Section 2.6 of Appendix A provides details of the Council’s Treasury Investments as at 30 June 2024. The Council’s 2024/25 budget for investment income is £1.544m, the forecast outturn position for investment income at Q1 is £1.656m.
- 3.2 The higher levels of investment income compared to the original budget is due to increased balances available for investment resulting from an increased cashflow surplus and increased interest rates.

CONCLUSION

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

IMPLICATIONS:

None

SOUTH AND EAST LINCOLNSHIRE COUNCIL’S PARTNERSHIP

None

CORPORATE PRIORITIES

None

STAFFING

None

CONSTITUTIONAL AND LEGAL IMPLICATIONS

None

DATA PROTECTION

None

FINANCIAL

As contained in this report and Appendix A.

STAKEHOLDER / CONSULTATION / TIMESCALES

None

REPUTATION

None

CONTRACTS

None

CRIME AND DISORDER

None

EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

None

HEALTH AND WELL BEING

None

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None

APPENDICES	
Appendices are listed below and attached to the back of the report: -	
Appendix A	Q1 Finance Report 2024/25

BACKGROUND PAPERS

None

REPORT APPROVAL	
Report author:	Lizzie McGrath, Strategic Finance Manager, PSPS and Carl Holland, Head of Finance, PSPS
Signed off by:	Christine Marshall, Deputy Chief Executive (Corporate Development) and S151
Approved for publication:	Councillor Paul Redgate Portfolio Holder for Finance