



# East Lindsey

DISTRICT COUNCIL

REPORT TO:	Full Council
DATE:	13 <sup>th</sup> December 2023
SUBJECT:	2023/24 Quarter Two Finance Update
KEY DECISION:	N/A
PORTFOLIO HOLDER:	<i>Councillor Fry</i>
REPORT AUTHOR:	Colleen Warren (Head of Finance 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 second quarter of 2023/24 forecasting to the year end for members consideration.

## **RECOMMENDATIONS**

That Full Council:

- 1 Amend the Capital Programme to take into account the changes set out in this report at Appendix A – Table 4 which includes slippage, additions and changes to the previously reported programme.

## 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 Executive 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 financial movements outlined.

## REPORT

### BACKGROUND

Throughout the year, quarterly monitoring reports forecast the expected year end outturn against the budget. This report provides information on the forecast full year financial performance at 30 September 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, and
- The Treasury Management Performance for the year.

### General Fund Provisional Outturn

Quarter 2 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 full year outturn based on current projections and assumptions is a forecast net service surplus of £861m.

The major variances relate to additional garden waste income and increased investment income, partly offset by a reduction in car parking income and an increase in agency costs. The forecast position by Assistant Director and Corporate Areas is detailed at **Table 1** together with an analysis of 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 eg as budgets become more accurate these are being offset against the savings target and this information is detailed in Appendix A – Table 2 of the report. The current position is that £1,305,000 of potential savings have been identified at quarter 2 against a target of £ 1,608,000 and further areas have been identified for detailed consideration.

## **IDB's**

The financial pressure generated by the Internal Drainage Boards has been supported by government for 2023/24 in the sum off £927,000 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 have seen a reduction in balances of £1,440K. Further specific details are set out in **Appendix A – Table 3** with associated narrative and members are requested to note the use of reserves detailed in that section.

The General Fund Reserve Balance remains at £1.822m.

## **Capital – General Fund**

The total revised General Fund Capital programme for 2023/24 is £69.812m, detailed in in **Table 5 of Appendix A**.

The updated budget carry forward due to slippage on the GF Capital Programme is £0.087m as detailed in **Table 5** which is recommended for approval. This is mainly due to the updates to final year position for projects, primarily Car Park Resurfacing, Capitalised Enhancements and Public Sector Hub which are now being reprofiled in line with latest expectations for spend. Other amendments to the capital programme are proposed as set out in table 4a.

## **Treasury Management**

**Section 2.4** provides details of the Council's Investments held on 30 September 2023.

The original profiled net budget for investment income as at Q2 was £1.536m and actual investment income is estimated to be £2.399m. This is an increase in income above budget of £863k.

The original profiled net budget for investment income for 2023/24 was £3.071m and the forecast outturn is estimated to be £4.863m. This estimated outturn is an increase in income above budget of £1.792m.

The higher levels of investment income compared to the original budget is due to increased balances available for investment resulting from additional grant money being received and recent rises in interest rates on new investments.

The Council had external loans held with Public Works Loans Board totalling £20m at an average fixed rate of 2.465%. Borrowing costs on this external borrowing were budgeted to be £493K for 2023/24.

On 9 October 2023 the Council prematurely repaid the £20m of external borrowing to the Public Works Loan Board (see Appendix B for further information). As this transaction falls into Quarter 3, the financial implications of this decision will be reflected in the Quarter 3 Finance Report.

## **CONCLUSION**

To ensure that the Quarter Two position is scrutinised and the forecast outturn is 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 – Quarter 2 Finance Report

**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>
	Full Council 1st March 2023 Agenda

**CHRONOLOGICAL HISTORY OF THIS REPORT**

<b>Name of body</b>	<b>Date</b>
Executive Board	29 <sup>th</sup> November 2023

**REPORT APPROVAL**

Report author:	Colleen Warren Head of Finance Client (PSPS)
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Approved for publication:	Councillor Richard Fry Portfolio Holder for Finance