

REPORT TO:	Executive Board
DATE:	20 th March 2024
SUBJECT:	2023/24 Quarter Three Finance Update
PURPOSE:	To report on the Councils Finances as at the 31 st December 2023
KEY DECISION:	N/A
PORTFOLIO HOLDER:	Councillor Fry – Portfolio Holder for Finance
REPORT OF:	Christine Marshall, Deputy Chief Executive - Corporate Development, S151 Officer
REPORT AUTHOR:	Colleen Warren (Head of Finance PSPS) Stuart Leafe (Strategic Finance Manager)
WARD(S) AFFECTED:	N/A
EXEMPT REPORT?	No

SUMMARY

This report sets out a summary of the current financial position for the Council at the end of the third quarter of 2023/24 forecasting to the year end for members consideration.

RECOMMENDATIONS

That Executive Board:

1. Notes the current forecast unbudgeted surplus of £522k and the detail set out in Appendix A.
2. That Executive Board approves the drawdown of:
 - a) £82,040 from the Housing Reserve in respect of the Household Support Scheme concerning the Post Office payout which will be distributed to agreed household support projects.
 - b) £133,000 from the Service Transformation Reserve – Funding for 2 Planning Enforcement consultants.
 - c) £148,550 from the Economic Growth Reserve - External consultancy services required to complete the East Lindsey Strategic Flood Risk Assessment.
3. That Executive Board recommends to Full Council the changes to the approved capital programme budget for 2023/24 of £2.25m as set out in Appendix A Table 4a.

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 as at 31 December 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 3 data provides a final 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 £522k.

The major variances relate to continued use of increased agency a higher than expected pay award notified and paid during Q3, alongside reductions in car parking, public convenience and planning income, partly offset by additional garden waste income and increased investment income. 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 £927,000 of potential savings have been identified at quarter 3 against a target of £1,380,000.

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 as part of a Special Interest Group on this topic to take this forward and further updates will be provided to members as this work develops.

Reserves

General Fund Specific Reserves have seen a reduction in balances of £1,852k. 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 £48.058m, as detailed in **Table 5 of Appendix A**.

The updated budget carry forward due to slippage on the GF Capital Programme is £23.979m as detailed in **Table 5** which is to be noted following approval by Council as part of 24/25 Budget Setting on 28th February 2024. This is mainly due to the updates to final year position for projects, primarily Towns Funds projects 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 and are recommended to Full Council for approval.

Treasury Management

Section 2.4 provides details of the Council's Investments held as at 31 December 2023.

The original profiled net budget for investment income as at Q3 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 £4.826m. This estimated outturn is an increase in income above budget of £1.755m.

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, although a slight reduction of £37k between Quarter 2 and 3 is noted driven by a reduction in investment balances following repayment of borrowing detailed below in Q3.

On 9 October 2023 the Council prematurely repaid the £20m of external borrowing to the Public Works Loan Board. The financial implications of this decision have now been reflected within the reported position for Quarter 3, with a credit to revenue of £398k in 23/24.

CONCLUSION

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

<p>FINANCIAL IMPLICATIONS</p> <p>As contained in Appendix A</p>
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<p>LEGAL IMPLICATIONS</p> <p>None</p>
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<p>CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS</p> <p>None</p>

<p>EQUALITY AND SAFEGUARDING IMPLICATIONS</p> <p>None</p>
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<p>OTHER IMPLICATIONS</p> <p>None</p>
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<p>APPENDICES</p>	
<table border="1"> <tr> <td> <p>CONSULTATION</p> <p>None</p> </td> </tr> </table> <p>Appendix A – Q3 Report</p>	<p>CONSULTATION</p> <p>None</p>
<p>CONSULTATION</p> <p>None</p>	

<p>BACKGROUND PAPERS</p> <p>Background papers used in the production of this report are listed below: -</p>	
<p>Document title</p>	<p>Where the document can be viewed</p>
	<p>Full Council 1st March 2023 Agenda</p>

CHRONOLOGICAL HISTORY OF THIS REPORT	
Name of body	Date

REPORT APPROVAL	
Report author:	Stuart Leafe (Strategic Finance Manager) and Colleen Warren Head of Finance Client (PSPS)
Signed off by:	Christine Marshall, S151 Officer
Approved for publication:	Councillor Richard Fry - Portfolio Holder for Finance