



<b>Report To:</b>	Full Council
<b>Date:</b>	22 <sup>nd</sup> May 2024
<b>Subject:</b>	2023/24 Quarter Three Finance Update
<b>Purpose:</b>	To report the Councils Finances as of 31 <sup>st</sup> December 2023
<b>Key Decision:</b>	N/A
<b>Portfolio Holder:</b>	Councillor Fry – Portfolio Holder for Finance
<b>Report Of:</b>	Christine Marshall, Deputy Chief Executive (Corporate Development) and S151
<b>Report Author:</b>	Colleen Warren, Head of Finance (Client), PSPS Stuart Leafe, Strategic Finance Manager, PSPS
<b>Ward(s) Affected:</b>	N/A
<b>Exempt Report:</b>	No

### **Summary**

This report seeks approval of the amended capital programme.

### **Recommendations**

That Council agrees to:

1. Amend the Capital Programme to take into account the changes set out in this report at Appendix A - Table 4a.

### **Reasons for Recommendations**

So that the Capital Programme can be amended as reported at Quarter 3.

### **Other Options Considered**

To not approve the financial movements outlined.

## **1. Background**

**1.1** 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 of 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.

## **2. Report**

### **2.1 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 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 in Appendix A - Table 1 together with an analysis of variations.

### **2.2 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 e.g. 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 position is that £927,000 of potential savings have been identified at quarter 3 against a target of £1,380,000.

### **2.3 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.

### **2.4 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.

## **2.5 Capital – General Fund**

The total revised General Fund Capital programme for 2023/24 is £48.058m, as detailed in Appendix A – Table 5.

The updated budget carry forward due to slippage on the General Fund Capital Programme is £23.979m as detailed in Appendix A - Table 5 which is to be noted following approval by Council as part of 24/25 Budget Setting on 28<sup>th</sup> 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 Appendix A – Table 4 and are recommended to Full Council for approval.

## **2.6 Treasury Management**

Section 2.4 of Appendix A 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.

## **3. Conclusion**

**3.1.** To ensure that the Capital Programme is amended.

### **Implications**

#### **South and East Lincolnshire Councils Partnership**

None

#### **Corporate Priorities**

None

#### **Staffing**

None

**Workforce Capacity Implications**

None

**Constitutional and Legal Implications**

None

**Data Protection**

None

**Financial**

As contained in Appendix A

**Risk Management**

None

**Stakeholder / Consultation / Timescales**

None

**Reputation**

None

**Contracts**

None

**Crime and Disorder**

None

**Equality and Diversity / Human Rights / Safeguarding**

None

**Health and Wellbeing**

None

**Climate Change and Environmental Implications**

None

**Links to 12 Missions in the levelling Up White Paper**

None

<b>Missions</b>	
<b>This paper contributes to the following Missions outlined in the Government's Levelling Up White paper.</b>	
<b>Living Standards</b>	By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, with the gap between the top performing and other areas closing.
<b>Research and Development</b>	By 2030, domestic public investment in Research & Development outside the Greater South East will increase by at least 40% and at least one third over the Spending Review period, with that additional government funding seeking to leverage at least twice as much private sector investment over the long term to stimulate innovation and productivity growth.
<b>Transport Infrastructure</b>	By 2030, local public transport connectivity across the country will be significantly closer to the standards of London, with improved services, simpler fares and integrated ticketing.
<b>Digital Connectivity</b>	By 2030, the UK will have nationwide gigabit-capable broadband and 4G coverage, with 5G coverage for the majority of the population.
<b>Education</b>	By 2030, the number of primary school children achieving the expected standard in reading, writing and maths will have significantly increased. In England, this will mean 90% of children will achieve the expected standard, and the percentage of children meeting the expected standard in the worst performing areas will have increased by over a third.
<b>Skills</b>	By 2030, the number of people successfully completing high-quality skills training will have significantly increased in every area of the UK. In England, this will lead to 200,000 more people successfully completing high-quality skills training annually, driven by 80,000 more people completing courses in the lowest skilled areas.
<b>Health</b>	By 2030, the gap in Healthy Life Expectancy (HLE) between local areas where it is highest and lowest will have narrowed, and by 2035 HLE will rise by 5 years.
<b>Wellbeing</b>	By 2030, well-being will have improved in every area of the UK, with the gap between top performing and other areas closing.
<b>Pride in Place</b>	By 2030, pride in place, such as people's satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between the top performing and other areas closing.
<b>Housing</b>	By 2030, renters will have a secure path to ownership with the number of first-time buyers increasing in all areas; and the government's ambition is for the number of non-decent rented homes to have fallen by 50%, with the biggest improvements in the lowest performing areas.
<b>Crime</b>	By 2030, homicide, serious violence, and neighbourhood crime will have fallen, focused on the worst-affected areas.
<b>Local Leadership</b>	By 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution and a simplified, long-term funding settlement.

## Acronyms

None

## Appendices

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

Appendix A East Lindsey District Council – Q3 Finance Report 2023/24

### **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**

Executive Board

#### **Date**

20<sup>th</sup> March 2024

#### **Report Approval**

Report author:

Colleen Warren, Head of Finance (Client) PSPS  
Stuart Leafe, Strategic Finance Manager, PSPS

Signed off by:

Christine Marshall, Deputy Chief Executive (Corporate Development) and S151

Approved for publication:

Councillor Richard Fry, Portfolio Holder for Finance