



REPORT TO:	Cabinet
DATE:	7 th September 2022
SUBJECT:	Quarter 1 (Q1) Finance Report 2022/23
KEY DECISION:	N/A
PORTFOLIO HOLDER:	<i>Councillor Noble</i>
REPORT AUTHOR:	Chris Ayriss (Strategic Finance Manager PSPS) and Laz Mafuko (Deputy Chief Finance Officer (Client) PSPS)
WARD(S) AFFECTED:	N/A
EXEMPT REPORT?	No

SUMMARY

This report sets out the forecast at the end of quarter one 2022/23 for Boston Borough Council and provides information on the Council's revenue, capital, treasury, reserves and balances position,.

RECOMMENDATIONS

That Cabinet:

- 1 Notes the detail set out in the report and the forecast deficit position of £299,414 (taking into account potential full year implications of certain variances) at the end of the first quarter of 2022/23 as shown in **Table 1**.

REASONS FOR RECOMMENDATIONS

To ensure the Council's forecast financial position for 2022/23 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 reserve movements outlined.

REPORT

BACKGROUND

Since the pandemic, the Council has seen various impacts on its finances, increased expenditure in the short-term dealing with the response to the situation, including the dispersal of significant government grants to businesses/individuals and longer-term effects on its income, finances generally and a significant impact on commercial activities.

Inflation rates have continued to rise throughout the first quarter of 2022/23: RPI was 12.3% at the end of July. Interest rates have also risen, notably the BOE base rate was 1.75% at 4 August 2022.

Throughout the year, quarterly monitoring reports are completed forecasting the expected year end out-turn against the budgets. This report provides a summary on the potential full year outturn at the end of quarter one (30 June 2022), in the Appendix, for the following areas:

- The General Fund Revenue Budget,
- The General Fund Reserves Position,
- The Capital Outturn for 2022/23, and
- High level Treasury Management Performance for the year.

In the attached **Appendix A**, specific detail is provided in respect of the following areas:

General Fund Forecast Outturn

The forecast outturn position by Assistant Director is detailed at **Table 1** together with an analysis of service variations. Net spend by Assistant Directors for 2022/23 was reported to be £9,081K which is £361K above the budgeted figure. The variances are explained in **Table 1**.

These pressures mainly relate to income (continued covid impacts) and fuel. Members will recall the Council set aside a reserve to deal with covid impacts and this has a balance of £851,000 which can be used to deal with this implications should they fully materialise by the year end as is currently being forecast. Officers continue to look at opportunities for mitigating these impacts on the Councils budget.

In addition, an efficiency and savings target of £282,000 is embedded within the Councils budget and a full report on progress with identifying and implementing any opportunities that have been identified will be detailed in the Councils Q2 report.

Reserves

General Fund Specific Reserves have seen a reduction in balances of £5.182m. Further specific details are set out in **Appendix A – Table 3** with associated narrative.

The General Fund Reserve Balance remains at £2.000m.

Capital – General Fund

The total revised General Fund Capital programme for 2022/23 is £10.312m, detailed in in **Table 4 of Appendix A**.

Treasury Management

Section 2.4 provides details of the Council’s Treasury Investments, the outturn for investment income for 2022/23 is anticipated to be £62k above the budget based on current investments compared to performance in Quarter 1 as estimated at £2k below profiled budget.

The Council has external loans held with Public Works Loans Board totalling £20m. Interest costs on this external borrowing will be £382K for 2022/23.

CONCLUSION

There continues to be significant challenges for the Councils budgets looking forward particularly around income, plus new pressures around fuel, power and pay. The Council has set aside funds to deal with any requirement for a prolonged recovery period, savings and efficiencies continue to be an area of focus for officers for this and future years.

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

None

BACKGROUND PAPERS

Background papers used in the production of this report are listed below: -

Document title

Where the document can be viewed

Q4 Finance Report

Cabinet 30th March 2022 Agenda

CHRONOLOGICAL HISTORY OF THIS REPORT	
Name of body	Date

REPORT APPROVAL	
Report author:	Chris Ayriss, Interim Strategic Finance Manager, PPS and Laz Mafuko, Interim Deputy Chief Finance Officer (Client), PPS
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