



REPORT TO:	Cabinet
DATE:	7 <sup>th</sup> December 2022
SUBJECT:	2022/23 Quarter Two Finance update
KEY DECISION:	N/A
PORTFOLIO HOLDER:	<i>Councillor Noble</i>
REPORT AUTHOR:	Louise Fenwick (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 a summary of the current financial position for the Council at the end of the second quarter of 2022/23 for members consideration.

#### **RECOMMENDATIONS F1 – Appendix A**

That Cabinet:

- 1) Note the report the current projected overspend of £218,000 and the detail set out in Appendix A.
- 2) Note the planned delegated use of the Covid smoothing reserve of £183,000 (Car Parking Income) and £197,000 (Leisure Income).

#### **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 Cabinet 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 report.

## **REPORT**

### **BACKGROUND**

Throughout the year quarterly monitoring reports are completed forecasting the expected year end outturn against the budget. This report provides information on the forecast full year financial performance at 30 September 2022 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 2022/23, and
- The Treasury Management Performance for the year.

### **General Fund Forecast Outturn**

Quarter 2 data provides a 6 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 overspend in the General Fund of £218,000 by the year end.

The major variances relate to pay awards (estimate), fuel and utilities inflation and increased investment income. The forecast position by Assistant Director is detailed at **Table 1** together with an analysis of service variations.

### **Reserves**

General Fund Specific Reserves are forecasting a planned decrease of £5.562m from £16.613m. Further specific details are set out in **Appendix A – Table 4** with associated narrative.

The COVID Budget Pressures Smoothing reserve will be used to offset income pressures being experienced in Leisure (£197k) and Parking (£183k). At the Council meeting held on 7th March 2022, delegated authority was given to the Deputy Chief Executive Corporate Development (S151) to use the Covid budget pressures smoothing reserve, if required, during the 2022/23 financial year, to smooth any fluctuations in income the Council may still be experiencing as a result of the consequences of the COVID-19 pandemic. It was anticipated as part of the budget setting process that use of reserves would be required if usage did not return to previous levels.

The General Fund Reserve Balance remains at £2.00m.

### **Capital – General Fund**

The total General Fund Capital Programme for 2022/23 is £10.682m including year-end adjustment as reported in the 2021/22 Outturn as detailed in **Appendix A Table 5**. The capital programme is experiencing slippage which will be reviewed and considered as part of Quarter 3 financial report where transfer of budget to the 2023/24 capital programme will be considered, where relevant, based on individual capital project requirements.

### **Treasury Management**

**Section 2.4** provides details of the Council’s Treasury Investments. The Council’s 2022/23 budget for investment income is £748k. At the end of September 2022 investment income is estimated to be approximately £892k. The current forecast outturn for 2022-23 is estimated to be approximately £1,123k which is £375k above the budget. If interest rates continue to rise this forecast outturn will subsequently increase.

The Council has external loans held with Public Works Loans Board totalling £15.499m. Interest costs on this external borrowing is forecast £382,388 for 2022/23.

### **CONCLUSION**

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

<b>FINANCIAL IMPLICATIONS</b>
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As contained in Appendix A
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<b>LEGAL IMPLICATIONS</b>
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None
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<b>CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS</b>
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None
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<b>EQUALITY AND SAFEGUARDING IMPLICATIONS</b>
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None
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**OTHER IMPLICATIONS**

None

**CONSULTATION**

None

**APPENDICES**

Appendix A

**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>
Q1 Finance Report	Cabinet 7 <sup>th</sup> September 2022 Agenda

**CHRONOLOGICAL HISTORY OF THIS REPORT**

<b>Name of body</b>	<b>Date</b>

**REPORT APPROVAL**

Report author:	Louise Fenwick, Strategic Finance Manager, PSPS and Laz Mafuko, Interim Deputy Chief Finance Officer (Client), PSPS
Signed off by:	Samantha Knowles, Assistant Director Finance
Approved for publication:	Councillor Jonathan Noble Portfolio Holder for Finance