



REPORT TO:	Cabinet
DATE:	20 th September 2023
SUBJECT:	2023/24 Quarter One Finance update
KEY DECISION:	N/A
PORTFOLIO HOLDER:	<i>Councillor Ghosh</i>
REPORT AUTHOR:	Louise Fenwick (Strategic Finance Manager PSPS) and Colleen Warren, (Head of Finance, 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 first quarter of 2023/24 forecasting to the year end for members consideration.

RECOMMENDATIONS F1 – Appendix A

That Cabinet:

- 1) Note the report the current forecast overspend of £366,000 for 2023/24 and the detail set out in Appendix A.
- 2) That Cabinet recommends to Full Council to amend the Capital Programme to take into account the changes set out in this report at Appendix A – Table 5.

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 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 reserve movements outlined.

REPORT

BACKGROUND

Throughout the year quarterly monitoring reports are completed forecasting the expected year end outturn compared to the approved budget. This report provides information on the forecast full year financial performance as at 30 June 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 Forecast Outturn

Quarter 1 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 overspend for the General Fund of £366,000 by the year end.

The major variances relate to decreased car parking and other income and increased investment income. New car parking machines are due for installation in the coming months and we are expecting that these will immediately improve the car parking income position due to ease of payment, reduced breakdowns and due to increased enforcement. With regards to the rental income due this is being looked at urgently by the service with a view to resolving this position.

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 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 current position is that £602,000 of potential savings have been identified at quarter 1 against a target of £664,000 and further areas have been identified for detailed consideration.

Further revenue pressures

There are emerging revenue pressures coming forward from statutory services these will need to be considered extremely carefully in light of the Councils revenue position. As part of the budget

setting process proactive engagement with Councillors will take place to facilitate that debate regarding efficiencies to facilitate support for statutory services.

IDB's

The financial pressure generated by the Internal Drainage Boards has been supported by government for 2023/24 in the sum off £319,000 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 are forecasting a planned decrease of £4.908m from £15.954m. Further specific details are set out in **Appendix A – Table 4** with associated narrative.

The General Fund Reserve Balance remains at £2.00m.

Capital – General Fund

The Capital Programme for 2023/24 is £33.33m and includes proposed year-end adjustments as detailed in **Appendix A Table 5**. Cabinet is requested to support the recommendation to Full Council to amend the Capital Programme for that slippage as set out. The Appendix also takes account of other approvals that are required and updates the Capital programme accordingly.

Treasury Management

Section 2.4 provides details of the Council's Treasury Investments. The Council's 2023/24 budget for investment income is £1.462m. At the end of June 2023 investment income is estimated to be approximately £1.355m. The current forecast outturn for 2023-24 is estimated to be approximately £2.016m which is £554k above the budget. If interest rates continue to rise this forecast outturn will increase further however reliance on this income cannot be assumed as it is forecast for rates to drop from the current peak.

The Council has external loans held with Public Works Loans Board totalling £15.499m. Interest costs on this external borrowing is forecast as £382,388 for 2023/24.

CONCLUSION

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

FINANCIAL IMPLICATIONS
As contained in the covering report and Appendix A

LEGAL IMPLICATIONS
None

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None

EQUALITY AND SAFEGUARDING IMPLICATIONS

None

OTHER IMPLICATIONS

None

CONSULTATION

None

APPENDICES

Appendix A

BACKGROUND PAPERS

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

Document title	Where the document can be viewed

CHRONOLOGICAL HISTORY OF THIS REPORT**REPORT APPROVAL**

Report author:	Louise Fenwick, Strategic Finance Manager, PSPS and Colleen Warren, Head of Finance (Client), PSPS
Signed off by:	Christine Marshall, Deputy Chief Executive (Corporate Development) and S151
Approved for publication:	Councillor Sandeep Ghosh Portfolio Holder for Finance