



REPORT TO:	Cabinet
DATE:	25 <sup>th</sup> September 2024
SUBJECT:	2024/25 Quarter One Finance update
KEY DECISION:	N/A
PORTFOLIO HOLDER:	Councillor Ghosh – Portfolio Holder for Finance
REPORT OF:	Christine Marshall – Deputy Chief Executive Corporate s151
REPORT AUTHOR:	Jenny Mackin (Strategic Finance Manager, PSPS), Carl Holland (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 2024/25 forecasting to the year end for members consideration.

### **RECOMMENDATIONS**

It is recommended :

- 1) That Cabinet notes the forecast revenue position of a £148k underspend for 2024/25 as detailed in Table 1 and the need for continued focus on the savings and efficiency programme.
- 2) That Cabinet approves a reserve transfer of £296,307 into the budget in respect of Project Funding that has been set aside on the balance sheet for that use.
- 3) That Cabinet approves a reserve transfer of £260,000 to the Capital Reserve in respect of a VAT refund received in year.

4) That Cabinet approve the amendments to 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 2024/25 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 financial movements outlined.

### **REPORT**

#### **1. BACKGROUND**

1.1 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 2024 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 2024/25, and
- The Treasury Management Performance for the year.

#### **General Fund Forecast Outturn**

1.2 Quarter 1 data provides a view on which to base the full year forecast. The full year outturn based on current projections and assumptions is a forecast net service underspend for the General Fund of £148k by the year end.

1.3 The major variances relate to decreased planning, cremation and other income and increased investment income. High borrowing costs are also having an effect on the construction industry, leading to a decrease in demand for services.

The forecast position by Assistant Director and Corporate Areas is detailed at **Table 1** together with an analysis of variations.

#### **Savings Target**

1.4 An efficiency target of £846k is included in the 2024/25 General Fund Budget. Saving opportunities are being monitored throughout the year, this information is detailed in Appendix A

– Table 2. The General Fund forecast outturn position assumes 100% of the efficiency target is achieved. As at 30<sup>th</sup> June 2024, 68% of the of the efficiencies have been identified, this position reflects the recent IDB funding announcement and savings/income identified as part of the Q1 monitoring process.

In order to balance the budget remaining efficiencies to be found total £273k. As previously reported the Leader, Finance Portfolio Holder and Lenior Leadership Team review monthly progress against the current plans for achieving the requirement.

## **IDB's**

1.5 The financial pressure generated by the Internal Drainage Boards has now been supported by the Government for 2024/25 to the sum of £431k as very recently announced. This is a positive sign that the Government has taken note of the financial impact being felt by this Council and is responding to the representations by the Special Interest Group. A further meeting is scheduled with the Local Government Minister on the 21<sup>st</sup> October which affords an opportunity to press for a longer term funding solution and for further financial support as this only partially reflects the pressure that the Council has seen over the past few years.

## **Reserves**

1.6 General Fund Specific Reserves are forecasting a planned decrease of £2.711m from £16.001m. Further specific details are set out in **Appendix A – Table 4a** with associated narrative.

The General Fund Reserve Balance remains at £2.00m.

## **Capital – General Fund**

1.7 The Capital Programme for 2024/25 is £35.145m and Cabinet approval is sought for the amendments set out in Table 5 which require approval increasing it to £35.745m. Actual capital expenditure for Q1 2024/25 is £2.654m.

## **2. Treasury Management**

**2.1 Section 2.4** provides details of the Council's Treasury Investments. The Council's 2024/25 budget for investment income is £1.587m. At the end of June 2024 investment income is estimated to be approximately £565k. The current forecast outturn for 2023-24 is estimated to be approximately £1.910m which is £324k 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.

## **CONCLUSION**

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

**IMPLICATIONS:**

*None*

**SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP**

*None*

**CORPORATE PRIORITIES**

*None*

**STAFFING**

*None*

**CONSTITUTIONAL AND LEGAL IMPLICATIONS**

*None*

**DATA PROTECTION**

*None*

**FINANCIAL**

As contained in this report and Appendix.

**STAKEHOLDER / CONSULTATION / TIMESCALES**

*None*

**REPUTATION**

*None*

**CONTRACTS**

*None*

**CRIME AND DISORDER**

*None*

**EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING**

*None*

**HEALTH AND WELL BEING**

*None*

**CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

*None*

**APPENDICES**

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

Appendix A	Q1 Finance Report 2024/25
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**BACKGROUND PAPERS**

None

**REPORT APPROVAL**

Report author:	Jenny Mackin, Strategic Finance Manager, PSPS and Carl Holland, 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