

BABERGH DISTRICT COUNCIL

COMMITTEE: Cabinet	REPORT NUMBER: BCa/23/42
FROM: Councillor John Ward, Cabinet Member for Finance, Assets and Investments	DATE OF MEETING: 04 March 2024
OFFICER: Karen Watling, Interim Corporate Manager, Finance	KEY DECISION REF NO. CAB432/CAB433

FINANCIAL MONITORING QUARTER 3 2023/24

1. PURPOSE OF REPORT

- 1.1 This report summarises the financial activities of the Council for the second quarter of 2023/24, covering General Fund Revenue, the Housing Revenue Account and the Capital Programmes for both funds. There is a new requirement from the start of 2023/24 to monitor the Council's Prudential Indicators on a quarterly basis and this data is attached as Appendix C.

2. OPTIONS CONSIDERED

- 2.1 The recommended option is set out in the Recommendations. There are no other available options.

3. RECOMMENDATIONS

- 3.1 That, subject to any further budget variations that arise during the rest of the financial year, the projected overspend on the General Fund of £440k referred to in section 4.2 and Appendix A of the report be noted.
- 3.2 That, subject to any further budget variations that arise during the rest of the financial year, the projected overspend on the Housing Revenue Account of £616k over budget referred to in section 4.3 and Appendix B of the report be noted.
- 3.3 That, the Council's compliance with the Prudential Indicators during quarter two referred to in section 4.4 and Appendix C of the report be noted.

REASON FOR DECISION

To ensure that Members are kept informed of the financial position for both General Fund Revenue and Capital, Housing Revenue Account and Capital and the Prudential Indicators.

4. KEY INFORMATION

Background

- 4.1 The Cabinet receives financial monitoring reports on a quarterly basis. This report covers the financial activity for the third quarter of 2023/24 and the amendments to projections for the year where necessary. It is important to remember that the figures being presented are not actuals at Q3, they represent what the outturn will be at the year-end if current trends are maintained.
- 4.2 The General Fund forecast outturn has improved from Q2 with a budgeted surplus of £22k now forecast to be a deficit of £440k. The deficit has arisen from a combination of factors including shortfalls in income, see Appendix A for further details. Statutory increases to planning fees have taken effect along with two large Solar Farm applications, reducing the income deficit to an extent. The General Fund Capital programme is forecast at an underspend on capital projects of £9,450k. Savings on MRP resulting from slippage in the capital programme and higher interest receivable have further mitigated the deficit. The Council's investment strategy and interest modelling will be tested and remodelled in the 2024/25 financial year to ensure accurate forecasting and achieve best use of resources. Details of the slippage in the Capital Programme are detailed in Appendix A.
- 4.3 The Housing Revenue Account is forecast at an overspend of £1,218k from a budgeted deficit of £602k, a variance to budget of £616k. This is primarily due to additional staffing costs in Building Services, see Appendix B for further details. The HRA Capital programme is forecast to be an underspend of £8,677k against the budget of £17,211
- 4.4 There have been no breaches of the council's Prudential Indicators in the third quarter and none are anticipated for the remainder of 2023/24. The new quarterly monitoring report for Prudential Indicators is attached as Appendix C.

5. LINKS TO THE CORPORATE PLAN

- 5.1 Ensuring that the Council makes best use of its resources is what underpins the ability to achieve the priorities set out in the Corporate Plan. Specific links are to financially sustainable Councils, managing our corporate and housing assets effectively, and property investment to generate income.

6. FINANCIAL IMPLICATIONS

- 6.1 These are detailed in the report.

7. LEGAL IMPLICATIONS

- 7.1 There are no specific legal implications.

8. RISK MANAGEMENT

- 8.1 Key risks are set out below:

Key Risk Description	Likelihood 1-4	Impact 1-4	Key Mitigation Measures	Risk Register and Reference*
We may be unable to react in a timely and effective way to financial demands.	3	3	Continued monitoring and reporting of the Councils financial forecast via quarterly reports to Cabinet. Reserves available to call upon.	Strategic Risk Register SRR004BDC
Service delivery may not be accomplished If economic conditions and other external factors are worse than budgeted for.	3	3	Budget control framework in place with Budget Holders and Assistant Directors with the Business Partner model operating effectively to support this. Continued monitoring and reporting of the Councils financial forecast during the year via quarterly reports to Cabinet.	Finance, Commissioning and Procurement ORR005BDC

9. CONSULTATIONS

9.1 Consultations have taken place with Directors, Corporate Managers and other Budget Managers as appropriate.

10. EQUALITY ANALYSIS

10.1 An equality analysis has not been completed because there is no action to be taken on service delivery as a result of this report.

11. ENVIRONMENTAL IMPLICATIONS

11.1 Directors, Corporate Managers and other Budget Managers continue to consider the environmental impact of their budgets and take the opportunity to reduce their carbon footprint as opportunities arise.

11.2 In subsequent years to support the Council's commitment to be Carbon Neutral by 2030, several initiatives have and are being undertaken from a combination of the Council's own resources and those secured from external sources. Some of these are set out below.

- 11.3 A solar multi-function carport to generate electricity has been installed at Kingfisher Leisure Centre, Sudbury. The estimated CO₂ savings are equivalent to 4.4 times the volume of the Royal Albert Hall and it is capable of generating enough power to supply 24 average homes in Sudbury.
- 11.4 OZEV supported EV charging points are being moved to the implementation phase.
- 11.5 A property list of carbon emitting buildings is being established for future retrofit consideration.
- 11.6 A performance review of clean power installations on Council assets and operations and maintenance contracts is being commissioned.

12. APPENDICES

Title	Location
General Fund Financial Monitoring Quarter 3 2023/24	APPENDIX A
Housing Revenue Account Financial Monitoring Quarter 3 2023/24	APPENDIX B
Prudential Indicators Quarterly Monitoring	APPENDIX C

13. BACKGROUND DOCUMENTS

20 February 2023 General Fund Budget 2023/24 and Four-Year Outlook – BC/22/41

20 February 2023 Housing Revenue Account Budget 2023/24 – BC/22/42

20 February 2023 Joint Capital, Investment and Treasury Management Strategies 2023/24 – BC/22/44