



Committee	Cabinet
Date	06/02/2024
Subject	2023/24 Quarter 3 Financial Performance Report
Cabinet Member	Councillor Vince Langdon-Morris Cabinet Member with responsibility for Resources and Value for Money
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Key Decision?	No
Is the report Open or Exempt?	OPEN
Category of Exempt Information and reason why it is NOT in the public interest to disclose the exempt information.	Not applicable.

Purpose/Summary

This report provides an overview of Council's Financial performance, comparing the actual expenditure and income position at the end of Quarter three (April – December 2023), to the approved General Fund budget for 2023/24 for both Revenue and Capital.

The report provides a summary of the Housing Revenue Account's (HRA) Revenue and Capital Position at the end of December 2023, which includes a forecast position of reserves.

This report summarises details of the key risks highlighted within 2023/24, which may lead to future General Fund and HRA financial implications over the duration of the Medium Term Financial Strategy (MTFS).

Recommendation(s)

That Cabinet:

1. Notes the Council's financial position for the period April – December 2023 against the profiled General Fund budget, and the forecast position for the end of the year.
2. Notes the approved budget change variations following the original 2023/24 budget approval in February 2023 and the impact on the General fund for 2023/24.
3. Notes the areas of financial risk identified, the impact of which is reflected in the Medium-Term Financial Strategy.

Strategic plan

How does this proposal support Our Direction 2028?

Environmental Impact	For 2023/24, the Council holds a revised budget in the region of £3.143m for Environmental Services and Port Health. £1.545m supports Environmental Protection. This includes resourcing to help co-ordinate and support the delivery of the Council's commitment to net Zero by 2030.
Sustainable Housing	For 2023/24, the Council holds a Housing Services revised budget of £5.460m. Budget provisions include the use of Rough Sleeper Initiative and Homelessness Prevention grant to support the prevention of homelessness within the district. Actual Homelessness expenditure for the period April to December 2023 totals £2.719m, offset by income and grant received of £2.527k. Grant received must be utilised by 31 st March 2024.
Tackling Inequalities	For 2023/24, the Council holds a revised budget in the region of £3.963m for Communities, which includes Community Safety and Anti-Social Behaviour. The need to address and reduce anti-social behaviour is an ambition of the Strategic Plan. Budget revisions in year include

	<p>an increase to the staffing budget to ensure this service is adequately resourced on a permanent basis going forward.</p> <p>2023/24 includes the creation of a new Health & Wellbeing service area, including actuals which reflect the receipt of £0.463m grant funding in year.</p>
Thriving Economy	<p>2023/24 reflects the first operational year following the incorporation of ESSL following the termination of the joint venture between East Suffolk Council and Norse.</p> <p>Economic Development and Regeneration budgets have been revised from £2.393m to £3.172m, an uplift of £0.779m. Expenditure supports Town Development projects, Landguard and the Heritage Action Zone scheme.</p> <p>Projects aim to improve the economic viability of our towns and encourage enterprise, innovation and creativity throughout the district as detailed within the Strategic Plan.</p> <p>ICT budgets include extended projects such as Smart Town, aimed at providing extend Wi-Fi coverage in markets - Saxmundham, Leiston, Lowestoft, Aldeburgh and Halesworth.</p>
Our Foundations / governance of the organisation	<p>Budget monitoring demonstrations repetitive good governance procedures, ensuring financial sustainability is maintained and ensuring the Council's resources are closely monitored ensuring value for money is achieved.</p> <p>East Suffolk Council policies and strategies which directly apply are as follows:</p> <ul style="list-style-type: none"> • Our Direction 2028 • East Suffolk Strategic Plan • East Suffolk Medium Term Financial Strategy • Capital Programme • Housing Revenue Account • East Suffolk Treasury Management Strategy and Treasury Management Policy • Annual Governance Statement • Finance Procedure Rules • Financial Management Code

Justification for recommendations

1. Background

- 1.1. Budget Monitoring is a vital review process ensuring that the Council remains financial sustainable and monitors the Council's ongoing financial pressures, along with its ability to achieve its longer-term goals outlined within the Strategic plan for both current and future years.
- 1.2. The detail provided, reviews the actual expenditure and income position at the end of December 2023 and provides variance commentary to support any differences year to date.
- 1.3. Monitoring is also completed for the Council's Capital programmes, reviewing, capturing and identifying the impacts of in year changes, along with future risks as a result of a changing economic climate.

2. Introduction

- 2.1. This report compares the actual expenditure and income position at the end of Decembers 2023 to the profiled General Fund budget for 2023/24, which was approved in February 2023 along with the approved budgets changes year to date.
- 2.2. Budget Monitoring will be continually completed throughout the financial year alongside the Corporate Leadership Team and Responsible Officers for each service and is aimed at ensuring the underpinning objective of value for money is achieved, ensuring spending remains economic, efficient, and effective.
- 2.3. The original General Fund base budget for 2023/24 was approved by Cabinet in February 2023 and reflected a balanced budget. Approved budget changes totalling £2.518m have been made in year, resulting in a revised budget of £52.753m. The General Fund summary included within **Appendix A** forecasts the financial position for the 2023/24 financial year to result in a surplus of 0.263m.
- 2.4. Forecasts aim to capture both the key cost pressures impacting both the current financial year, along with any unexpected favourable movements which may occur. Key variances include the impact of the 2023/24 pay award and increased insurance premiums due to inflation, along with income reductions in some areas due to current economy conditions. These movements are offset by favourable variances such as additional income expected from treasury investments due to favourable rates and ad hoc items such as the repayment of overpaid non-business VAT in relation to a predecessor Council, Waveney District Council, for the provision of leisure services.
- 2.5. Appendices A and B provide narrative on significant variances identified from the budget monitoring process carried out between Finance and Services for General Fund service

income and expenditure. The narrative provided aims to supply further information enabling the Authority to monitor its resources for the current and future financial years.

- 2.6. The General Fund Monitoring analysis detailed within **Appendix B** provides a high-level monitoring position at 31 December 2023, excluding Port Health. However, it should be noted that this position includes grants, contributions and income balances which may have been received in advance of projected spend and therefore does not provide a true reflection of the forecast outturn position for 2023/24. This is provided in **Appendix A**.

3. Proposal

- 3.1. Finance continues to support and work alongside services and Head of Service to monitor the ongoing financial position, ensuring the Council remains financial sustainable and budgets continue to correctly inform the Medium-Term Financial Strategy (MTFS).

4. Financial Implications

- 4.1. Detailed financial analysis and commentary is included within **Appendix A** - Quarter 3 Budget Monitoring Report 2023/24 and **Appendix B** - General Fund Quarter 3 Budget Monitoring, and commentary 2023/24.
- 4.2. This report highlights the significant variances including those that are highly likely to result in a full year impact for 2023/24. In addition, the Council continues to be subject to the wider impact of uncertainty of future inflationary changes and demand for some services due to economic conditions.
- 4.3. The overall position for 2023/24 will continue to be monitored throughout the remainder of the financial year and will be reported to the Corporate Leadership Team and Members accordingly.

5. Legal Implications

- 5.1. There are no legal implications identified.

6. Risk Implications

- 6.1. Monitoring ensures the operational activity following the annual budget setting process is regulated, highlighting any key financial differences as a result of unplanned events. Financial pressures and risks have been detailed within **Appendix A**, highlighting the forecasted key material impacts within the current financial year, along with future years captured within the Medium-Term Financial Strategy (MTFS).
- 6.2. Increased financial pressures on the Council's resources result in increased demand of the Council's reserves to mitigate the overall impact.

7. Options

- 7.1. In year quarterly monitoring provides an overview of the Council's financial position for the period April – December 2023, capturing approved budget changes in the year to date. No further approval is required, but note should be taken of the key impacts and forecast changes which may impact the overall outturn position for the 2023/24 financial year.

8. Recommendations

- 8.1. It is recommended for Cabinet to note the following:
- The Council's financial position for the period April – December 2023 against the profiled General Fund budget, and the forecast position for the end of the year.
 - The approved budget change variations following the original 2023/24 budget approval in February 2023 and the impact on the General fund for 2023/24.
 - The areas of financial risk identified, the impact of which is reflected in the Medium-Term Financial Strategy.

9. Reasons for Recommendations

- 9.1. Continuing review of the Council's budgets following the annual budget setting is a key part of ensuring the Council's activities remain sustainable and deliver value for money.

10. Conclusions/Next Steps

- 10.1. The original General Fund base budget for 2023/24 was approved by Cabinet in February 2023 and reflected a balanced budget. Approved budget changes totalling £2.518m have been made in year, resulting in a revised budget of £52.753m. The General Fund summary forecasts the financial position for the 2023/24 financial year to result in a surplus of 0.263m.
- 10.2. Port Health actual spend for April to December 2023 totals £0.397m, against a revised budgets of £0.966m. Forecast outturn for the 2023/24 financial year is a deficit of £0.530m.
- 10.3. The 2023/24 Housing Revenue Account budget forecast reflects a surplus of £0.107m, compared to the approved deficit budget of £2.020m, a positive movement of £2.127m.
- 10.4. The 2023/24 Capital programme spend year to date totals £25.738m, against a revised budget of 46.734m.

Areas of consideration comments

Section 151 Officer comments:

Quarterly reporting on projected income and expenditure compared with the budget, is a requirement of the Council's Finance Procedure Rules.

Monitoring Officer comments:

This report complies with Section 2 of the Budget and Policy Framework Procedure Rules in the Council's Constitution.

Equality, Diversity and Inclusion/EQIA:

An Equality Impact Assessment is not required as the recommendations of this report do not require changes in policy and service delivery.

Safeguarding:

There are no direct implications arising from this report.

Crime and Disorder:

There are no direct implications arising from this report.

Corporate Services implications:

(i.e., Legal, Finance, Procurement, Human Resources, Digital, Customer Services, Asset Management)

There are no direct implications for Corporate Services directly arising from this report.

Residents and Businesses consultation/consideration:

There are no direct implications arising from this report.

Appendices:

Appendix A	Quarter 3 Budget Monitoring Report 2023/24
Appendix B	General Fund Quarter 3 Budget Monitoring and Commentary 2023/24

Background reference papers:

None.