

## FINANCIAL MONITORING REPORT (based on Performance April to June 2023 inclusive)

### 1. RECOMMENDATIONS

- 1.1 It is recommended that Cabinet;
- 1.1.1 approves the revised formulation of the 2023/24 original budget in accordance with the new Portfolio structure (as laid out in section 2.2)
- 1.1.2 notes the latest budget forecasts of the General Fund (section 5), Capital (section 6), and HRA (section 7).
- 1.1.3 notes the impact that the anticipated pay award is forecast to have on the Council's budgets, and the need to identify mitigating actions to address these additional costs.

### 2. INTRODUCTION

- 2.1 Following the approval of the Original Budget for 2023/24 in February 2023, this report provides an update on the General Fund, Capital and Housing Revenue Account budgets, adjusting for any budget changes now required.
- 2.2 Following the District Council elections held in May and the formation of a new Cabinet, the Portfolios were amended. The original and revised Portfolio structure budget allocations are set out below:

PREVIOUS PORTFOLIOS - FEBRUARY 2023 GENERAL FUND BUDGET 2023/24	2023/24	2023/24	2023/24
	£'000's	£'000's	£'000's
	Gross	Income	Budget
<b>PORTFOLIO REQUIREMENTS</b>	<b>Expenditure</b>		
Business , Tourism and High Streets	395	-2	393
Environment and Coastal Services	11,216	-6,975	4,241
Finance, Investment and Corporate Services	36,675	-33,272	3,403
Housing and Homelessness Services	7,913	-4,777	3,136
Leader	1,315	-142	1,173
Partnering and Wellbeing	5,248	-1,784	3,464
People and Places	4,890	-807	4,083
Planning, Regeneration and Infrastructure	4,840	-1,882	2,958
	72,492	-49,641	22,851

NEW PORTFOLIOS - MAY 2023 GENERAL FUND BUDGET 2023/24	2023/24	2023/24	2023/24
	£'000's	£'000's	£'000's
	Gross	Income	Budget
	Expenditure		
<b>PORTFOLIO REQUIREMENTS</b>			
Community, Safety and Wellbeing	5,232	-1,637	3,595
Environment and Sustainability	16,008	-7,924	8,083
Finance and Corporate	36,722	-33,272	3,450
Housing and Homelessness	7,913	-4,777	3,136
Leader	1,315	-142	1,173
Planning and Economy	5,303	-1,888	3,414
	72,492	-49,641	22,851

### 3. BACKGROUND

3.1 Financial Monitoring is an important feature in the management of the Council's finances as it gives an opportunity to reflect on variations as against the latest set budget and reflect on the impact that these variations may have over the period covered by the Council's Medium Term Financial Plan.

### 4. PAY AWARD IMPLICATIONS

4.1 The 2023/24 pay award has yet to be settled. Currently, ballots on potential industrial action are being carried out by two of the three unions represented at the Council, with the third indicating a ballot timetable of September and therefore agreement may still be several months away. The current employers offer would result in additional budget requirement in the region of £600,000 in the General Fund and £200,000 in the Housing Revenue Account but until a settlement is reached no additional budget will be allocated.

4.2 The final additional costs of pay award to 2023/24 will need mitigating. The Medium Term Financial Plan will also be updated to include the additional costs, and will need to address the ongoing increased base salary costs and balance these costs out in a financially sustainable way over the medium to long term.

## 5. GENERAL FUND REVISED PROJECTION

- 5.1 A General Fund budget of **£22.468 million** for 2023/24 was agreed by Council in February 2023 (£22.851 million at Portfolio analysis level, with other budget elements reducing this to this lower General Fund budget figure).
- 5.2 Rephasing of projects totalling £646,000 (General Fund impact of £536,000, HRA £110,000) has occurred from 2022/23, relating to:
- ICT Work Programme £267,000,
  - ICT Staffing £97,000,
  - ICT Local Digital Cyber Security Fund £75,000,
  - UK Shared Prosperity Fund £86,000,
  - Community Grants £43,000,
  - Refuse & Recycling Vehicle refurbishments £40,000,
  - Appletree Court Roof scheme £19,000,
  - Planning Biodiversity Grant £10,000; and
  - Air Pollution Grant £9,000.
- 5.3 **Community Safety (-£35,000)** – The Council has received £35,000 Government Grant funding for projects relating to addressing Domestic Abuse. The funding will be transferred to an earmarked reserve for future use.
- 5.4 **Refuse & Recycling (-£100,000)** – Estimated additional recycling glass income of £100,000 is anticipated, mainly due to an increase in price per tonne.
- 5.5 The overall impact of all variations results in an updated General Fund Budget of **£22.368 million**; a reduction of £100,000 from the original estimate. The revised General Fund Budget for 2023/24 can be seen at Appendix 1, with further details on the variations being reported included within Appendix 2.
- 5.6 Initially the positive variations will be transferred to reserves but will later contribute to expected savings required to fund the eventual pay award. Work will continue over the Summer on mitigations to offset these expected additional costs, with a view to keeping the forecast outturn for the 2023/24 financial year in line with the original budget expectation. Progress will be reported back to the Cabinet within the next Financial Monitoring Report.

## 6. CAPITAL EXPENDITURE (General Fund and Housing Revenue Account)

- 6.1 A Capital Programme budget of **£42.641 million** for 2023/24 was agreed by Council in February 2023.
- 6.2 The latest forecast confirms variations totalling £169,000 and net rephasings into 2023/24 of £107,000. The main variations are summarised below:

### Variations £169,000

- Coast Protection – budgets reviewed – Hurst Spit Beach Shingle Source Study (£10,000) and Milford Beach and Cliff Study (-£10,000).
- Public Conveniences – budgets have been reviewed and allocations made from the balance of the base budget (-£198,000) to Technical Advisor (£100,000), Barton on Sea scheme (£83,000) and Beaulieu scheme (£15,000).
- A separate report on this agenda requests additional funding allocation of £169,000 for the vehicle replacement programme.

### Rephasings £107,000

- Coast Protection Regional Monitoring Programme (to 22/23 -£88,000)
- Milford Promenade Handrail (£6,000)
- Barton Horizontal Directional Drilling Trails (£50,000)
- Hurst Spit Beach Shingle Source Study (£13,000)
- Public Convenience scheme – Barton on Sea (£175,000)
- Other Public Convenience schemes (to 22/23 -£20,000)
- Health and Leisure Centres (£305,000)
- Vehicle and Plant Replacement Programme (to 2024/25 -£450,000)
- Housing Fire Risk Assessment Works (£116,000)

- 6.3 The changes, as above, result in an updated Capital Programme Budget of **£42.917 million** (Appendix 3).

## 7. HOUSING REVENUE ACCOUNT

- 7.1 After allowing for contributions of £150,000 from earmarked reserves for the continuing Stock Condition Survey work, a break-even HRA budget for 2023/24 was agreed in February 2023, with a Revenue Account contribution of £9.700 million supporting the financing of the £27.610 million HRA Capital Programme.
- 7.2 Section 5 of this report identifies anticipated additional budget pressures of £110,000 from allocations of corporate projects rephased from 2022/23.
- 7.3 Early indications are that a reduction in electricity and gas prices from 1 July will result in a reduced budget requirement, but this has not yet been quantified and so will be picked up in a future Financial Monitoring Report.
- 7.4 The additional budget requirement identified in this report will initially be met from reserves, but work will continue to look to mitigate these increases from savings in other budgets.

## **8. CRIME AND DISORDER / EQUALITY AND DIVERSITY/ENVIRONMENTAL IMPLICATIONS**

- 8.1 There are no Crime & Disorder, Equality & Diversity or Environmental implications arising directly from this report.

## **9. PORTFOLIO HOLDER COMMENTS**

- 9.1 The report outlines the changes within the Councils budget over the first quarter of the financial year and delivers a welcome positive net change of £100,00 for the year. Against that it outlines the financial risk associated with the potential increase in wage costs.
- 9.2 Whilst in the short and medium term the Council remains in a relatively good financial position it is worth noting that income remains fixed with a Central Government cap on any increase in the precept against a background of a Consumer Price Index (CPI) rise for twelve months to July 2023 of 6.8%.

### **For Further Information Please Contact:**

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### **Background Papers:**

Cabinet 15 February 2023