<u>Councillor Cliff Lunn, Executive Member for Finance and Resources - Report to Council on 27 September 2022</u>

Financial Results and Budget Exceptions Report to 30th June 2022

My report for the 1st quarter of the year showed forecast full year revenue outturn surpluses of (£382k) for the General Fund (GF) and a £28k deficit for the Housing Revenue Account (HRA), before application of the national pay award. Should the pay award offered by the employers be accepted the GF surplus would reduce to (£45k) and the HRA deficit would increase to £184k.

The key financial issues are cost pressures from price inflation mainly on utilities, off-set by relatively buoyant income streams (planning, waste and investment income) but with growing uncertainty over future inflation impacts.

Housing rents were forecast at £102k below budget due to voids.

The £195k saving in the Housing Revenue Account for the housing system, carried forward from 21/22 remains at risk of non-delivery with further delays to implementation of phase 2 and impacts of LGR.

At the end of June, the GF capital programme was forecast to be spent by year end but £3.5m of the HRA housing development programme is proposed for deferral to 23/24 as planned schemes are not viable.

The report appendices also highlighted growing cost pressures impacting on the HRA capital programme and whilst these are currently being managed within budget there is a growing risk of overspend – more detail will be reported at Q2.

The Programme for Growth showed a forecast <u>net</u> underspend of £1.7m in 22/23 largely as a result of some rephasing of Burn Airfield, TCF, and towns projects.

Projects spend was £658k in quarter 1 including £224k on staffing costs, £165k on the Transforming Cities Fund project and £122k on the Tadcaster business flood grant scheme.

The report also included a paragraph at 2.17 relating to Sherburn in Elmet, Low Street project. The proposed scheme will result in a minor ongoing revenue cost to the Council of £2,000 p.a. The previous approval was subject to there being no revenue implications hence the need for Executive to approve the proposed permanent virement, which we did approve.

Treasury Management – Quarterly Update Q1 2022/23

As reported in the Q1 financial results with rising interest rates and buoyant cash balances, treasury returns performed relatively well in the 1st quarter of the year.

On average the Council's investments totalled £83.5m over the quarter at an average rate of 0.78% and earned interest of £161.7k (£116.6k allocated to the General Fund; £45.0k allocated to the HRA), which is £123.5k above the year-to-date budget.

Allowing for anticipated interest rate rises, forecast returns for the year could be in the region of £871.8k (£628.9k GF, £243.0k HRA) a total budget surplus of £719.4k.

It is worth noting that for the General Fund, any interest earned above a £350k threshold is to be transferred to the Contingency Reserve. This figure was forecast to be £278.9k.

The council also had £5.63m invested in property funds on 30 June 2022. The funds achieved a 2.93% revenue return and 3.13% capital gain over the course of the quarter. This resulted in revenue income of £40.5k to the end of Q1 and an 'unrealised' capital gain of £170.8k. However, these funds are long term investments and under current accounting rules, changes in capital values are only realised when the units in the funds are sold.

Long-term borrowing totalled £52.833m on 30 June 2022, (£1.6m relating to the General Fund; £51.233m relating to the HRA), Interest payments of £1.917m were forecast to be paid in 2022/23, a saving of £59k against budget.

The Council has no plans for any short-term borrowing for the year;
I can confirm that the Council's affordable limits for borrowing were not breached during this period.

Closedown of the 21/22 Accounts

The draft Statement of Accounts was published by the end of July in line with statutory deadlines and is available on the Council website. The audit which is carried out by Mazars is currently underway and is expected to conclude before the statutory audit deadline of the end of November.

ICT & Digital

The primary focus of ICT is to ensure that our teams can continue to work effectively up to and beyond vesting day. Bringing together seven or eight council systems post LGR, for example to create one Planning system or one Revenue & Benefits system will take time, so it is important that our current systems continue to be fit for purpose. In recent months we have applied software upgrades to Public Access (allows customers to view/comment on Planning information), Uniform (Planning case management) and Information@Work (document management), and we are currently upgrading our Windows Servers to ensure they continue to be supported.

The microphones in the Council Chamber have now been replaced – which has brought a significant improvement to the way we operate in meetings – and we have recently renewed our Microsoft licences.

The Housing team continue to benefit from the new housing management system; the “go live” for the second and final phase focusing on the repairs/property side is expected in the autumn.

Payment of Council Tax Energy Rebate

As at the end of August, 31,121 households (out of 31,315 eligible) had been paid their Core Council Tax Rebate (99.4%).

In total, £4,668,150 has been paid out in Core Council Tax Rebate.

In addition, 2,385 households have been paid out of the Discretionary Fund. The total amount paid via the Discretionary Fund was £130,750.

I am grateful to the teams for progressing these payments so efficiently.

Councillor Cliff Lunn, Executive Member for Finance and Resources