

Name of meeting: Cabinet

Date: 14 November 2023

Title of report: Corporate Financial Monitoring Report, Quarter 2, 2023/24

Purpose of report

To receive information on financial monitoring for General Fund Revenue, Housing Revenue Account (HRA) and Capital Plan, as at Quarter 2 (month 6), 2023/24.

Key Decision - Is it likely to result in spending or saving £500k or more, or to have a significant effect on two or more electoral wards?	Yes
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports?)	Yes
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> & name	Rachel Spencer Henshall - 6th November 2023
Is it also signed off by the Service Director for Finance IT and Transactional Services?	Isabel Brittain - 6th November 2023
Is it also signed off by the Service Director for Legal Governance and Commissioning Support?	Julie Muscroft - 6th November 2023
Cabinet member portfolio	Councillor Graham Turner

Electoral wards affected: All

Ward councillors consulted: None

Public or private: Public report

GDPR: This report contains no information that falls within the scope of General Data Protection Regulations.

1. **Summary**

The attached slides provide information on financial monitoring for General Fund Revenue, Housing Revenue Account (HRA) and Capital Plan, as at Quarter 2 (month 6), 2023/24.

2. **Information required to take a decision**

2.1 The slides accompanying this report provide a more detailed breakdown of the outturn financial monitoring position, as follows:

Forecast General Fund revenue outturn position in 2023/24 by service area;

General Fund reserves and balances movements in-year;

Forecast HRA revenue outturn position including movements in HRA reserves in-year;

Forecast capital outturn position in 2023/24;

Treasury management prudential indicators;

The Council's Corporate Risk Register.

3. **Implications for the Council**

3.1 **Working with People**

3.2 **Working with Partners**

3.3 **Place Based working**

3.4 **Climate Change & Air Quality**

3.5 **Improving Outcomes for Children**

3.6 **Financial Implications for the people living or working in Kirklees**

3.7 **Other (e.g. Financial, Legal or Human Resources)**

3.7.1 The financial implications are as noted in this report and the accompanying slides.

3.7.2 The Council has a statutory duty to balance its budget under section 31A of the Local Government and Finance Act 1992 and to take any necessary steps in-year to ensure this. Section 151 of the Local Government Act 1972 requires the Council to make proper arrangements for the administration of its financial affairs and shall require that one of its Officers has responsibility for the administration of those affairs. That Officer at this Council is the Service Director - Finance.

3.7.3 Section 114 of the Local Government Finance Act 1988 requires the Service Director - Finance, as the Officer of the Council appointed under s151 of the Local Government Act 1972, to make a report (often referred to as a 's114 report') if it appears that the expenditure of the Council incurred, or likely to incur, in a financial year is likely to exceed the resources (including sums borrowed) available to meet that expenditure. As

outlined in this report, whilst a s114 report is not considered necessary at this point, the issue of such a report remains a possibility.

- 3.7.4 Regulation 3 of the Accounts and Audit Regulations 2015 requires the Council to ensure it has a sound system of internal controls facilitating the effective exercise of functions and achievement of aims and objectives, ensuring effective financial and operational management including effective risk management. The Council must determine whether its capital plan is affordable in line with the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 having regard to the Prudential Code for Capital Finance for Local Authorities. DLUHC have the power to make statutory directions under section 15(5) and (6) of the Local Government Act 1999 where it considers there has been a failure to comply with the duty of Best Value.
- 3.7.5 As outlined in this report, there are significant reserves drawdowns in-year, resulting in an estimated year end useable reserves balance of £35.4m. This use of reserves is not financially sustainable and leaves the Council very exposed to financial risks.
- 3.7.6 The Council's Executive Management Team must ensure that actions are taken to deliver services in line with agreed budgets and that savings targets are delivered as planned.

4. Consultees and their opinions

- 4.1 This report has been prepared by the Service Director - Finance, in consultation with the Executive Team.

5. Next steps

That Cabinet endorse the recommendations set out in this report.

6. Officer recommendations and reasons

- 1) note the forecast revenue outturn position at Quarter 2 for 2023/24 (£16.1m overspend), and the forecast year end position on the Council's reserves and balances (£47.4 Reserves, of which £35.4m are Usable Reserves);
- 2) note the Quarter 2 forecast HRA position (£34k surplus) and forecast year-end reserves position;
- 3) note the Quarter 2 forecast capital monitoring position for 2023/24 in regards to Capital (£57.9m underspend);
- 4) approve the re-profiling of the 2023/24 capital plan as set out in the accompanying slides;
- 5) approve £0.32m to purchase 3 Highways Tipper vehicles with delivery expected before April 2024;
- 6) note the Quarter 2 treasury management prudential indicators.

7. Contact officer

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8. **Background Papers and History of Decisions**

Annual budget report 2022-27 to Budget Council, March 2023

Budget Update Report to Council, September 2023

9. **Service Director responsible**

Isabel Brittain, Service Director – Finance.