

<b>DECISION-MAKER:</b>	CABINET		
<b>SUBJECT:</b>	FINANCIAL MONITORING FOR THE PERIOD TO THE END OF DECEMBER 2021		
<b>DATE OF DECISION:</b>	21 FERUARY 2022		
<b>REPORT OF:</b>	CABINET MEMBER FOR FINANCE & CAPITAL ASSETS		
<b><u>CONTACT DETAILS</u></b>			
<b>Executive Director</b>	<b>Title:</b>	Executive Director for Finance, Commercialisation & S151 Officer	
	<b>Name:</b>	John Harrison	<b>Tel:</b> 023 80834897
	<b>E-mail:</b>	<a href="mailto:John.Harrison@southampton.gov.uk">John.Harrison@southampton.gov.uk</a>	
<b>Author:</b>	<b>Title:</b>	Head of Financial Planning & Management	
	<b>Name:</b>	Steve Harrison	<b>Tel:</b> 0739 2864525
	<b>E-mail:</b>	<a href="mailto:Steve.Harrison@southampton.gov.uk">Steve.Harrison@southampton.gov.uk</a>	

#### **STATEMENT OF CONFIDENTIALITY**

Annex 2.2a is confidential, the confidentiality of which is based on category 3 of paragraph 10.4 of Councils Access to Information Procedure Rules. It is not in the public interest to disclose this because doing so would prejudice the authority's ability to achieve best consideration in financing the programme.

#### **BRIEF SUMMARY**

The report summarises the General Revenue Fund, Housing Revenue Account (HRA) and Collection Fund financial position for the Council as at the end of December 2021 and informs Cabinet of any major changes in the overall General Fund and HRA capital programme for the period 2021/22 to 2025/26. It also provides an update on the impact of COVID-19 on the Council's financial position.

The deficit as outlined in this report is £7.48M for 'business as usual activities' plus a further £0.72M net budget pressure for COVID-19 related spending, bringing the total to £8.20M forecast overspend as at 31 December 2021. The main factors behind this deficit forecast are (i) a deficit of £6.00M forecast within Children's Social Care (both for BAU and COVID-19) and (ii) a deficit of £1.11M forecast within Health and Adults Social Care (Both BAU and COVID-19). Hence, in total the deficit forecast within both areas of social care is £7.11M.

It is planned to meet the £8.20M forecast overall deficit from the Social Care Demand Reserve (£6.75M) and centrally held budgets (£1.45M).

#### **RECOMMENDATIONS:**

	<b><u>General Revenue Fund</u></b>	
	It is recommended that Cabinet:	
	i)	Notes the forecast outturn position for business as usual activities is a £7.48M deficit, as outlined in paragraph 4 and in paragraph 1 of appendix 1.
	ii)	Notes the financial position arising from COVID-19 is a deficit of £0.72M, as

		outlined in paragraph 5 and in paragraph 4 of appendix 1.
	iii)	Notes that £6.75M will be drawn down from the Social Care Demand Reserve and £1.45M released from centrally held contingency to meet the forecast General Fund deficit. A further £1.14M will be drawn down from the Social Care Demand Reserve to meet additional staffing costs in Health & Social Care, as outlined in paragraph 6.
	iv)	Notes the performance of treasury management, and financial outlook in paragraphs 9 to 12 of appendix 1.
	v)	Notes the forecast year end position for reserves and balances as detailed in paragraphs 13 and 14 of appendix 1.
	vi)	Notes the Key Financial Risk Register as detailed in paragraph 15 of appendix 1.
	vii)	Notes the performance against the financial health indicators detailed in paragraphs 19 and 20 of appendix 1.
	viii)	Notes the forecast outturn position outlined in the Collection Fund Statement detailed in paragraphs 24 to 27 of appendix 1.
	<b><u>Housing Revenue Account</u></b>	
	It is recommended that Cabinet:	
	ix)	Notes the forecast outturn position on business as usual activities is a surplus of £0.92M as outlined in paragraph 6 and paragraph 21 of appendix 1.
	x)	Notes that a break even position is forecast arising from COVID-19, as outlined in paragraph 6 and paragraph 22 of Appendix 1.
	<b><u>Capital Programme</u></b>	
	It is recommended that Cabinet:	
	xi)	Notes the revised General Fund Capital Programme, which totals £428.21M as detailed in paragraph 1 of appendix 2.
	xii)	Notes the HRA Capital Programme is £340.81M as detailed in paragraph 1 of appendix 2.
	xiii)	Notes that the overall forecast position for 2021/22 at quarter 3 is £125.83M, resulting in a potential surplus of £41.32M, as detailed in paragraphs 4 and 5 of appendix 2.
	xiv)	Notes that the capital programme remains fully funded up to 2025/26 based on the latest forecast of available resources although the forecast can be subject to change; most notably regarding the value and timing of anticipated capital receipts and the use of prudent assumptions of future government grants to be received.
	xv)	Notes slippage and rephasing of £59.09M (£59.82M of General Fund net slippage and £0.74M of HRA net rephasing) as detailed in paragraph 5 and 7 of appendix 2. Noting that the movement has zero net movement over the 5-year programme.
	xvi)	Notes that £1M surplus is forecast arising from COVID-19 as detailed in paragraph 8 of appendix 2.
<b>REASONS FOR REPORT RECOMMENDATIONS</b>		

1.	To ensure that Cabinet fulfils its responsibilities for the overall financial management of the Council's resources.
<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>	
2.	Not Applicable.
<b>DETAIL (including consultation carried out)</b>	
	<b><u>Revenue</u></b>
3.	The financial position for the General Revenue Fund, Housing Revenue Account (HRA) and Collection Fund for the Council as at the end of December 2021 and key issues are summarised in appendix 1.
4.	The current forecast spending on business as usual activities against the council's net General Fund revenue budget for the year of £173.85M is projected to be a £7.48M deficit. The position has worsened by £0.37M compared to the position as at the end of quarter 2.
5.	The forecast General Fund variance relating to COVID-19 pandemic budgets as at the end of December 2021 is a deficit of £0.72M. The position has worsened by £0.36M compared to the position as at the end of quarter 2. The Council also continues to receive major sums of money in grant in support of the additional costs the Council and local community has experienced from COVID. These sums either help SCC directly or are for SCC to administer and help third parties. They total received in 2021/22 is £58.78M and are listed at Annex 1.2.
6.	The combined business as usual and COVID-19 forecast deficit of £8.20M on the General Fund for 2021/22 will be met from a £6.75M drawdown on the Social Care Demand Reserve and release of £1.45M from centrally held contingency. A further £1.14M will be drawn down from the Social Care Demand Reserve to meet additional staffing costs within Health & Adult Social Care.
7.	The forecast position for the HRA on business as usual activities is a surplus of £0.92M against an expenditure budget of £75.87M. The overall position has not changed compared to the position at the end of quarter 2. There is a forecast break even position relating to the COVID-19 pandemic for the HRA, a worsening by £0.57M compared to the position as at the end of quarter 2.
	<b><u>Capital</u></b>
8.	Appendix 2 sets out any major changes in the overall General Fund and Housing Revenue Account (HRA) capital programme for the period 2021/22 to 2025/26, highlighting the changes in the programme since the last reported position in November 2021. The report also notes the major forecast variances against the approved estimates.
9.	The current forecast position for 2021/22 at quarter 3 is £125.83M, resulting in a potential surplus of £41.32M, as detailed in paragraphs 4 and 5 of appendix 2.
<b>RESOURCE IMPLICATIONS</b>	
	<b><u>Capital/Revenue</u></b>
10.	The revenue and capital implications are contained in the report.
	<b><u>Property/Other</u></b>
11.	There are no specific property implications arising from this report other than the

	schemes already referred to within appendix 2 of the report.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
12.	Financial reporting is consistent with the Section 151 Officer's duty to ensure good financial administration within the Council.
<b><u>Other Legal Implications:</u></b>	
13.	None.
<b>RISK MANAGEMENT IMPLICATIONS</b>	
14.	See comments within report.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
15.	The update of the Capital Programme forms part of the overall Budget Strategy of the Council.

**KEY DECISION?** No

<b>WARDS/COMMUNITIES AFFECTED:</b>	All
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### **SUPPORTING DOCUMENTATION**

#### **Appendices**

1.	Revenue Financial Monitoring
2.	Capital Financial Monitoring

#### **Documents In Members' Rooms**

1.	None
2.	

#### **Equality Impact Assessment**

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out?	No
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#### **Privacy Impact Assessment**

Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out?	No
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#### **Other Background Documents**

**Equality Impact Assessment and Other Background documents available for inspection at:**

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be
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	Exempt/Confidential (if applicable)
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1.	The Revenue Budget 2021/22, Medium Term Financial Forecast 2021/22 to 2024/25 and Capital Programme 2020/21 to 2025/26 (Council 24 February 2021)	
2.		