

<b>DECISION-MAKER:</b>	CABINET		
<b>SUBJECT:</b>	FINANCIAL MONITORING FOR THE PERIOD TO THE END OF SEPTEMBER 2022		
<b>DATE OF DECISION:</b>	15 NOVEMBER 2022		
<b>REPORT OF:</b>	CABINET MEMBER FOR FINANCE & CHANGE		
<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>	

<b>STATEMENT OF CONFIDENTIALITY</b>
N/A
<b>BRIEF SUMMARY</b>
<p>The report summarises the General Revenue Fund, Housing Revenue Account (HRA) and Collection Fund financial position for the Council as at the end of September 2022 and informs Cabinet of any major changes in the overall General Fund and HRA capital programme for the period 2022/23 to 2026/27.</p> <p>The General Revenue Fund deficit for the year as outlined in this report is £9.59M as at 30 September 2022 after taking account of £4.02M agreed in-year savings, with the most significant deficit being for the Children &amp; Learning portfolio (£9.43M). Mitigation plans to reduce the forecast deficit have been developed and put into action, however are unlikely to reduce the deficit in full. Ultimately any persisting deficit would need to be met from corporate resources and would therefore impact on the council's future financial resilience and the resources available to help address the £28.90M revised budget shortfall in 2023/24 noted in the Budget Update report to Cabinet on 8 November 2022.</p>

<b>RECOMMENDATIONS:</b>	
	<p><b><u>General Revenue Fund</u></b> It is recommended that Cabinet:</p>
i)	Notes the forecast outturn position is a £9.59M deficit, after taking account of £4.02M agreed in-year savings, as outlined in paragraph 4 and in paragraph 1 of appendix 1.
ii)	Notes the performance of treasury management, and financial outlook in paragraphs 5 to 8 of appendix 1.
iii)	Notes the forecast year end position for reserves and balances as detailed in paragraphs 9 and 10 of appendix 1.

	iv)	Notes the Key Financial Risk Register as detailed in paragraph 11 of appendix 1.
	v)	Notes the performance against the financial health indicators detailed in paragraphs 15 and 16 of appendix 1.
	vi)	Notes the forecast outturn position outlined in the Collection Fund Statement detailed in paragraphs 19 to 22 of appendix 1.
<p><b><u>Housing Revenue Account</u></b> It is recommended that Cabinet:</p>		
	vii)	Notes the forecast outturn position is a nil variance against budget as outlined in paragraph 5 and paragraph 17 of appendix 1.
<p><b><u>Capital Programme</u></b> It is recommended that Cabinet:</p>		
	viii)	Notes the revised General Fund Capital Programme, which totals £353.13M as detailed in paragraph 1 of appendix 2.
	ix)	Notes the HRA Capital Programme is £267.12M as detailed in paragraph 1 of appendix 2.
	x)	Approves the addition of £1.32M to the Economic Development programme, along with approval to spend, as detailed in paragraph 4 of appendix 2.
	xi)	Approves the reduction of £0.25M to the Communities & Customer Engagement programme, as detailed in paragraph 5 of appendix 2.
	xii)	Approves the net reduction of £7.11M to the Finance & Change programme, as detailed in paragraphs 6-8 of appendix 2.
	xiii)	Approves the reduction of £0.50M to the Health, Adults & Leisure programme, as detailed in paragraph 9 of appendix 2.
	xiv)	Approves the net reduction of £1.30M to the Housing & Green Environment programme, as detailed in paragraphs 10 and 11 of appendix 2.
	xv)	Approves the addition of £0.5M to the Safer City programme, along with approval to spend, as detailed in paragraph 12 of appendix 2.
	xvi)	Approves the net addition of £0.38M to the Transport & District Regeneration programme, along with approval to spend, as detailed in paragraphs 13-16 of appendix 2.
	xvii)	Approves slippage and rephasing of £18.69M (£14.95M of General Fund and £3.74M of HRA) as detailed in paragraphs 17 and 18 of appendix 2. Noting that the movement has zero net movement over the 5-year programme.
	xviii)	Notes that the overall forecast position for 2022/23 at quarter 2 is £162.99M, resulting in a potential surplus of £5.42M, as detailed in paragraphs 19 and 20 of appendix 2.
	xix)	Notes that the capital programme remains fully funded up to 2026/27 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.
<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 September 2022 and key issues are summarised in appendix 1.
4.	The current forecast spending against the council's net General Fund revenue budget for the year of £193.05M is projected to be a £9.59M deficit, after taking account of £4.02M agreed in-year savings, an improvement of £5.65M from the position forecast at the end of June 2022. This is a significant adverse variance which has on-going consequences for the Council's financial sustainability. The most significant deficit is for Children & Learning (£9.43M) and Health, Adults & Leisure has a forecast deficit of £3.37M after using £1.91M of reserves to help meet pressures. Mitigation plans to reduce the forecast deficit have been developed and put into action, however are unlikely to reduce the deficit in full. Ultimately any persisting deficit would need to be met from corporate resources, which would therefore impact on the council's future financial resilience and the resources available to help address the £28.90M revised budget shortfall in 2023/24 noted in the Budget Update report to Cabinet on 8 November. The 2023/24 revised budget shortfall is after taking account of £17.05M draft savings proposals.
5.	The forecast position for the HRA is a nil variance against the budgeted deficit of £0.92M, with a forecast surplus of £0.62M against an expenditure budget of £77.33M offset by a forecast deficit of £0.62M against an income budget of £76.41M. This is no change from the position forecast at the end of June 2022.
	<b><u>Capital</u></b>
6.	Appendix 2 sets out any major changes in the overall General Fund and Housing Revenue Account (HRA) capital programme for the period 2022/23 to 2026/27, highlighting the changes in the programme since the last reported position in August 2022. The report also notes the major forecast variances against the approved estimates.
7.	Due to the current financial environment, there has been a need to review the programme, against the backdrop of rising inflation which is significantly increasing construction costs and rising interest rates which has seen the cost of borrowing more than double since the budgets were set in February 2022.

	This review has resulted in £18.69M of slippage (£14.95M General Fund and £3.74M HRA) from 2022/23 into later years, as detailed in paragraphs 17 and 18 of appendix 2 and an overall reduction to the programme of £5.97M (£6.37M General Fund reduction and £0.40M HRA addition)
8.	The current forecast position for 2022/23 at quarter 2 is £162.99M, resulting in a potential surplus of £5.42M, as detailed in paragraphs 19 and 20 of appendix 2.
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue</u></b>	
9.	The revenue and capital implications are contained in the report.
<b><u>Property/Other</u></b>	
10.	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>	
11.	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>	
12.	None.
<b>RISK MANAGEMENT IMPLICATIONS</b>	
13.	See comments within report.
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
14.	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
<b>Equality Impact Assessment</b>	

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out?	No
<b>Privacy Impact Assessment</b>	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out?	No
<b>Other Background Documents</b>	
<b>Equality Impact Assessment and Other Background documents available for inspection at:</b>	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	The Revenue Budget 2022/23, Medium Term Financial Strategy and Capital Programme (Council 23 February 2022)	
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