

DECISION-MAKER:	CABINET		
SUBJECT:	FINANCIAL POSITION UPDATE		
DATE OF DECISION:	29 OCTOBER 2024		
REPORT OF:	COUNCILLOR LETTS DEPUTY LEADER AND CABINET MEMBER FOR FINANCE AND CORPORATE SERVICES		
<u>CONTACT DETAILS</u>			
Executive Director	Title:	Executive Director Enabling Services and S151 Officer	
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STATEMENT OF CONFIDENTIALITY

Not Applicable

BRIEF SUMMARY

This report provides a summary of the financial position of the council for 2024/25 as at the end of September 2024 (month 6). The month 5 (August 2024) position has also been included for completeness.

The position as at the end of September 2024 is a £13.18M favourable variance, with the detail set out in Appendix 1. This is a further positive movement of £4.39M compared to the position at Month 5 (£8.79M positive variance).

RECOMMENDATIONS:

	Cabinet is recommended to:	
i)	Agree the £2.16M adjustments to be made to directorate budgets to reflect further sustained favourable variances reported at month 6 of 2024/25 due to transformation and other measures, to be transferred to centrally held contingency to reduce the reliance on Exceptional Financial Support (EFS), as set out in paragraph 6.	
ii)	Agree the progress being made to deliver on the Deficit Recovery Plans that have been developed to mitigate forecast overspends in several specified budget areas, as set out in paragraph 7.	
iii)	Recommend Council approve the virement of £24.30M Social Care Grant income budget from Non-Specific Government Grants (Centrally Held Funding) to Children & Learning (£9.53M) and Community Wellbeing (£14.77M) to reflect a change in the grant conditions from an un-ringfenced to a ringfenced grant, as set out in paragraph 8.	

REASONS FOR REPORT RECOMMENDATIONS

1. To ensure that Cabinet fulfils its responsibilities for the overall financial management of the council's resources.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. Not applicable.

DETAIL (including consultation carried out)

Latest Financial Position

3. The forecast financial position of the council as at the end of September 2024 (month 6) is set out at Appendix 1. Table 1 summarises the General Revenue Fund Forecast.

4. **Table 1 – General Revenue Fund Forecast 2024/25**

	Working Budget Month 6 £M	Forecast Outturn Month 6 £M	Forecast Variance Month 6 £M	Movement Month 5 to Month 6 £M
Children & Learning	61.31	59.10	(2.21) F	(1.10) F
Community Wellbeing	95.11	93.51	(1.60) F	2.46 A*
Enabling Services	26.13	25.59	(0.54) F	(0.35) F
Growth & Prosperity	37.67	36.16	(1.51) F	(1.43) F
Resident Services	26.32	26.30	(0.02) F	(0.21) F
Strategy & Performance	4.94	4.79	(0.16) F	0.00
Total Directorates	251.48	245.43	(6.05) F	(0.64) F
Centrally Held Budgets	27.11	20.04	(0.94) F	(0.64) F
Net Council Expenditure before EFS	278.60	265.47	(7.37) F	(2.01) F
Centrally Held Funding	(239.32)	(239.37)	(7.07) F	(3.75) F
Net Over/(Underspend) before EFS	39.28	26.10	(13.18) F	(4.39) F
Exceptional Financial Support (EFS)	(39.28)	(26.10)		
Net Over/(Underspend)	0.00	0.00		

Numbers are rounded. 'F' indicates as favourable variance, 'A' is an adverse variance

*After transferring £3.75M of sustained favourable variances to contingency in month 6 (subject to full Council approval). The movement excluding this budget transfer is £1.29M favourable.

5. Sustained favourable variances are being achieved by directorates through demand management and transformation activity and other measures. £6.13M of budget for sustained favourable variances have been transferred to centrally held contingency as at the end of month 6 (of which £3.75M is pending approval by full Council) in accordance with the Business Planning & Budgeting Framework. Agreement is sought

to transfer a further £2.16M of budgets for favourable variances to centrally held contingency in month 7. Table 2 summarises the proposed budget adjustments.

6. **Table 2 – Proposed Budget Adjustments**

	Budget Adjustment £M
<u>Children & Learning</u>	
Rapid Service Redesign	(0.50)
<u>Community Wellbeing</u>	
Care packages and costs, including lower demand, plus savings from Phase 2a restructure	(0.58)
<u>Enabling Services</u>	
Data & Digital – System Rationalisation	(0.14)
Total Directorates	(1.22)
<u>Capital Asset Management</u>	
Reduced capital financing costs and higher investment returns	(0.94)
<u>Centrally Held Contingency</u>	
Budget transferred for sustained favourable variances	2.16
Net Adjustment	0.00

Numbers are rounded

7. Where overspends are forecast, service areas are required to develop Deficit Recovery Plans to bring budgets back into projected balance.

A Deficit Recovery Plan for Children’s Social Care relating to at risk savings (£0.61M) was implemented in month 5. This included virement of funds from elsewhere in the Directorate and realisation of savings and spend reductions.

For Resident Services, a Deficit Recovery Plan has been implemented in month 6 whereby pressures in the service have been covered by forecast favourable positions elsewhere within the Directorate. Budget has been transferred to cover previous adverse variances of £0.44M on Bereavement Services, £0.37M on District Operating Teams and £0.21M on Landscapes from Parking and Itchen Bridge income (£0.63M) and Port Health income (£0.25M) which had favourable variances.

8. The grant conditions for the Social Care Grant were changed in 2023/24 from an un-ringfenced grant to a ringfenced grant that must be used in meeting adults’ and children’s social care needs. The Social Care Grant currently forms part of the budget for Non-Specific Government Grants within Centrally Held Funding. Agreement is sought to vire the £24.30M income budget to Children & Learning (£9.53M) and Community Wellbeing (£14.77M) based on the relative proportions of children’s social care and adult social care expenditure. The virement of the income budget has no impact on service provision it is only a change to the accounting treatment.

Financial Monitoring as at the end of August 2024

9. The forecast position on the General Revenue Fund as at the end of August 2024 was

	a net positive variance (before exceptional financial support) of £8.79M. Appendix 2 provides a summary of the financial position as at month 5.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
10.	The revenue implications are contained in the report.
<u>Property/Other</u>	
11.	None.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
12.	Financial reporting is consistent with the Section 151 Officer's duty to ensure good financial administration within the council.
<u>Other Legal Implications:</u>	
13.	None.
RISK MANAGEMENT IMPLICATIONS	
14.	Risk management implications are contained in the report.
POLICY FRAMEWORK IMPLICATIONS	
15.	None.

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Appendices

1.	Financial position update report month 6 2024/25
2.	Financial position update report month 5 2024/25

Documents In Members' Rooms

1.	None
Equality Impact Assessment	
Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out?	No
Privacy Impact Assessment	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out?	No
Other Background Documents	

Equality Impact Assessment and Other Background documents available for inspection at:	
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Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	The 2024/25 Budget and Medium Term Financial Strategy (Council 6 March 2024)	
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