

DECISION-MAKER:	CABINET		
SUBJECT:	FINANCIAL POSITION UPDATE		
DATE OF DECISION:	25 FEBRUARY 2025		
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
<p>This report provides a summary of the financial position of the council for 2024/25 as at the end of January 2025 (month 10). Further details for the month 9 (December 2024) position have also been included for information.</p> <p>The position as at the end of January 2025 is a £18.97M favourable variance, with the detail set out in Appendix 1. This is a further positive movement of £0.57M compared to the position at month 9 (£18.40M favourable variance forecast).</p>

RECOMMENDATIONS:

	Cabinet is recommended to:
i)	Agree the £0.28M adjustments to be made to directorate budgets to reflect sustained favourable variances reported at month 10 of 2024/25 due to transformation measures, to be transferred to centrally held contingency to reduce the reliance on Exceptional Financial Support (EFS), as set out in paragraph 6.

REASONS FOR REPORT RECOMMENDATIONS

1.	To ensure that Cabinet fulfils its responsibilities for the overall financial management of the council's resources.
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ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2.	Not applicable.
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DETAIL (including consultation carried out)

Latest Financial Position

3. The forecast financial position of the council as at the end of January 2025 (month 10) is set out at Appendix 1. Table 1 summarises the General Revenue Fund Forecast. The adverse movement from month 9 for directorates is after £3.68M sustainable savings have been taken centrally in month 10.

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

	Working Budget Month 10 £M	Forecast Outturn Month 10 £M	Forecast Variance Month 10 £M	Movement Month 9 to Month 10 £M
Children & Learning	49.15	48.15	(1.00) F	1.59 A
Community Wellbeing	77.88	75.92	(1.95) F	0.71 A
Enabling Services	25.57	24.67	(0.89) F	0.34 A
Growth & Prosperity	35.95	34.62	(1.33) F	(0.02) F
Resident Services	25.99	25.23	(0.76) F	(1.00) F
Strategy & Performance	5.75	5.18	(0.57) F	0.09 A
Total Directorates	220.28	213.79	(6.50) F	1.71 A
Centrally Held Budgets	34.01	21.59	(12.42) F	(2.28) F
Net Council Expenditure before EFS	254.29	235.37	(18.92) F	(0.57) F
Centrally Held Funding	(215.02)	(215.07)	(0.05) F	0.00
Net Over/(Underspend) before EFS	39.28	20.31	(18.97) F	(0.57) F
Exceptional Financial Support (EFS)	(39.28)	(20.31)		
Net Over/(Underspend)	0.00	0.00		

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

5. Sustained favourable variances are being achieved by directorates through demand management transformation activity and other measures. In accordance with the Business Planning & Budgeting Framework, agreement is sought to transfer these budgets to centrally held contingency. Table 2 summarises the proposed budget adjustments.

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

	Budget Adjustment £M
<u>Community Wellbeing</u>	
Whole Life Pathways budget savings	(0.25)
<u>Growth & Prosperity</u>	
Corporate Estates – vacancy deletions	(0.03)
Total Directorates	(0.28)
<u>Centrally Held Contingency</u>	
Budget transferred for sustained favourable variances	0.28
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. Plans are required to address adverse variances for Planning and Bereavement Services.

Financial Monitoring as at the end of December 2024

8. The forecast position on the General Revenue Fund as at the end of December 2024 was a net favourable variance (before exceptional financial support) of £18.40M, as reported to Cabinet on 28 January 2025. Further details are provided in the paragraphs below, appendices 2 and 3 and the following Members' Room documents:

- General Revenue Fund Forecast
- Details of savings delivery
- Key Financial Risks Register
- Performance Indicators
- Collection Fund Forecast

Treasury Management

9. Treasury Management borrowing and investment balances as at the end of December 2024 and forecasts for the year-end are set out in Appendix 2. After taking into account maturing and new debt requirements in year and a forecast investment balance, net borrowing is expected to increase by £106.17M to £436.35M as at 31 March 2025. This forecast remains subject to change, most notably regarding the increased use of balances and changes to the capital programme.

10. As at the end of December 2024 the forecast cost of financing the council's loan debt was £21.64M of which £6.86M related to the HRA, however this will be subject to movement as the need for further borrowing for the remainder of the year becomes more certain.

11. Treasury management investments are primarily made to manage day-to-day cash flows using short-term low risk instruments. The council's investment balances as at the end of December 2024 were £49.32M and are expected to be around £48M at year end.

12.	Appendix 2 includes an overview of current performance along with an update on the financial outlook.
	<u>Prudential Indicators</u>
13.	The council is required to have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much it can afford to borrow. The Prudential Code includes a series of indicators to demonstrate the objectives of the Code are being fulfilled which are required to be reported on a quarterly basis. The prudential indicators as at the end of December 2024 are detailed in Appendix 3. The council has operated within the limits set by the prudential indicators for the first nine months of 2024/25.
14.	The prudential indicators include the ratio of financing costs to net revenue stream as a measure of the affordability of the capital programme. The upper limit for this ratio is currently set at 11% for the General Fund for 2024/25 and the forecast for the year is 9.30%.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
15.	The revenue implications are contained in the report.
<u>Property/Other</u>	
16.	None.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
17.	Financial reporting is consistent with the Section 151 Officer's duty to ensure good financial administration within the council.
<u>Other Legal Implications:</u>	
18.	None.
RISK MANAGEMENT IMPLICATIONS	
19.	Risk management implications are contained in the report.
POLICY FRAMEWORK IMPLICATIONS	
20.	None.

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Appendices

1.	Financial position update report month 10 2024/25
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2.	Treasury Management as at end of December 2024
3.	Prudential Indicators as at end of December 2024

Documents In Members' Rooms

1.	General Revenue Fund Forecast as at end of December 2024
2.	Details of savings delivery as at end of December 2024
3.	Key Financial Risks Register as at end of December 2024
4.	Performance Indicators as at end of December 2024
5.	Collection Fund Forecast as at end of December 2024

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 Exempt/Confidential (if applicable)
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1.	The 2024/25 Budget and Medium Term Financial Strategy (Council 6 March 2024)	
2.		