

DECISION-MAKER:	CABINET		
SUBJECT:	FINANCIAL MONITORING FOR THE PERIOD TO THE END OF DECEMBER 2020		
DATE OF DECISION:	23 FEBRUARY 2021		
REPORT OF:	CABINET MEMBER FOR FINANCE & INCOME GENERATION		
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Steve Harrison	Tel: 0739 2864525
	E-mail:	Steve.Harrison@southampton.gov.uk	
S151 Officer:	Name:	John Harrison	Tel: 023 8083 4897
	E-mail:	John.Harrison@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY
N/A
BRIEF SUMMARY
<p>This report is a combined financial monitoring report for revenue and capital and updates the latest position for 2020/21.</p> <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 December 2020 and informs Cabinet of any major changes in the overall General Fund and HRA capital programme for the period 2020/21 to 2024/25. It also provides an update on the impact of COVID-19 on the Council's financial position and how the budget pressures are being addressed.</p> <p>The position with regard to 'business as usual' is a £4.59M favourable variance, an improvement of £1.47M since the position reported at quarter 2. Portfolio budgets are forecast to have a significant deficit (being £5.45M adverse). Corporate funds of £9.55M have been applied to produce the overall favourable position, with the main item being a £5.76M drawdown from the social care demand reserve to offset the significant deficit forecast in Children and Learning.</p> <p>Cabinet continue to proactively manage the impact of COVID-19 on the council's budget, though the position remains challenging. There is a net adverse 'at risk' position on COVID related net spending (after grants and compensation for income losses and £3.86M of the council's own funds) of £1.76M. This at risk sum of £1.76M may need to be a call on the council's reserves unless expenditure reduces or further funding is provided by Government.</p>

RECOMMENDATIONS:

	<p><u>General Revenue Fund</u></p> <p>It is recommended that Cabinet:</p>
--	--

	i)	Note the forecast outturn position for business as usual activities is a £4.59M surplus after applying corporate funds, as outlined in paragraph 4 and in paragraph 1 of appendix 1.
	ii)	Note the performance of treasury management, and financial outlook in paragraphs 11 to 15 of appendix 1.
	iii)	Note the Key Financial Risk Register as detailed in paragraph 18 of appendix 1.
	iv)	Note the performance against the financial health indicators detailed in paragraphs 22 and 23 of appendix 1.
	v)	Note the performance outlined in the Collection Fund Statement detailed in paragraphs 27 to 32 of appendix 1.
	vi)	Notes the financial position arising from COVID-19, as outlined in paragraphs 4 to 9 of Appendix 1.
<u>Housing Revenue Account</u>		
It is recommended that Cabinet:		
	vii)	Note the forecast outturn position on business as usual activities is a surplus of £0.18M as outlined in paragraph 5 and paragraphs 24 and 25 of appendix 1.
	viii)	Notes the financial position arising from COVID-19, as outlined in paragraph 26 of Appendix 1.
<u>Capital Programme</u>		
It is recommended that Cabinet:		
	ix)	Notes the revised General Fund Capital Programme, which totals £661.70M as detailed in paragraph 1 of appendix 2.
	x)	Notes the HRA Capital Programme is £212.17M as detailed in paragraph 1 of appendix 2.
	xi)	Notes that the overall forecast position for 2020/21 at quarter 3 is £122.94M, resulting in a potential surplus of £58.30M, as detailed in paragraphs 4 and 5 of appendix 2.
	xii)	Notes that the capital programme remains fully funded up to 2024/25 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.
	xiii)	Notes that £5.84M has been added to the programme with relevant approvals. These changes are detailed in annex 2.1 to appendix 2.
	xiv)	Approves slippage and rephasing as detailed in paragraph 2 and 3 of appendix 2. Noting that the movement has zero net movement over the 5-year programme.
	xv)	Notes changes to the capital programme arising from COVID-19 as detailed in paragraphs 6 and 7 of appendix 2.
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)	
	<u>Revenue</u>
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 2020 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 £190.82M is projected to be a £4.59M surplus after applying corporate funds.
5.	The forecast General Fund shortfall relating to pressures from COVID-19 as at the end of December 2020 is £1.76M.
6.	The forecast position for the HRA on business as usual activities is a surplus of £0.18M against an expenditure budget of £75.60M. There is no change to the forecast £1.29M COVID-19 pressures for the HRA.
	<u>Capital</u>
7.	Appendix 2 sets out any major changes in the overall General Fund and Housing Revenue Account (HRA) capital programme for the period 2020/21 to 2024/25, highlighting the changes in the programme since the last reported position in December 2020. The report also notes the major forecast variances against the approved estimates.
8.	The current forecast position for 2020/21 at quarter 2 is £122.94M, resulting in a potential surplus of £58.28M, as detailed in paragraphs 4 and 5 of appendix 2.
RESOURCE IMPLICATIONS	
	<u>Capital/Revenue</u>
9.	The revenue and capital implications are contained in the report.
	<u>Property/Other</u>
10.	There are no specific property implications arising from this report other than the schemes already referred to within appendix 2 of the report.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
11.	Financial reporting is consistent with the Section 151 Officer's duty to ensure good financial administration within the Council.
<u>Other Legal Implications:</u>	
12.	None.
RISK MANAGEMENT IMPLICATIONS	
13.	See comments within report.
POLICY FRAMEWORK IMPLICATIONS	
14.	The update of the Capital Programme forms part of the overall Budget Strategy of the

	Council.

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	All
------------------------------------	-----

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
--	----

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:

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.	Council Tax Setting and Related Matters (Council 20 February 2020)	
2.	Financial Monitoring for the Period to the end of July 2020 and COVID-19 Budget Matters (Council 16 September 2020) Financial Monitoring for the Period to the end of September 2020 (Cabinet 17 November 2020)	