



# Overview and Scrutiny Commission

**22 April 2024**

<b>Report Title</b>	<b>Financial Monitoring Report Period 3 2023/24</b>
<b>Cabinet Portfolio</b>	Corporate Services
<b>Cabinet Member</b>	Councillor Martin Bond
<b>Exempt Report</b>	No
<b>Reason for Exemption</b>	N/A
<b>Key Decision</b>	No
<b>Public Notice issued</b>	N/A
<b>Wards Affected</b>	All
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<b>Borough Priorities</b>	Ensure children and young people have a positive start in life	
	Promote good health, independence, and care across our communities	
	Create safe and strong communities and neighbourhoods for all	
	Support a strong, thriving, inclusive and well-connected local economy	
	Create green and vibrant places that reflect our heritage and culture	
	Be a responsible Council	X

## 1. Summary

- 1.1 This report provides Overview and Scrutiny Commission with the forecast financial position in relation to the revenue and capital budget for 2023/24. It also summarises the Council's reserves and balances position and includes the Treasury Management Position Statement.
- 1.2 The report also provides detail on the delivery of the 2023/24 programme of budget savings, including savings brought forward from prior years. The failure to deliver the agreed savings presents a key risk to the Council.
- 1.3 At this stage, there is a forecast service overspend of £11.819m against the updated net portfolio budget of £178.245m, with inflation, increased service demand, staffing challenges and the non-delivery of savings all being significant factors.
- 1.4 Treasury Management and other corporate underspends will offset this pressure by £5.441m, resulting in a forecast net budget overspend of £6.378m for 2023/24.
- 1.5 The position is summarised in the table below.

<b>Portfolio</b>	<b>Variance at Period 3 £000</b>
Economy, Business & Skills	+8
Children & Young People	+7,430
Integrated Health & Care	+2,886
Wellbeing, Culture & Heritage	(435)
Corporate Services	(209)
Safer Communities	+34
Environmental Services & Climate Change	+697
Strategic Transport	+158
Regeneration & Planning	(148)
<b>Portfolio Position excluding Pay Award</b>	<b>+10,421</b>
<b>Pay Award</b>	<b>+1,398</b>
<b>Net Portfolio Position</b>	<b>+11,819</b>
Treasury Management	(3,290)
Corporate Budgets	(2,151)
<b>Net Position</b>	<b>+6,378</b>

- 1.6 There is a severe and worsening pressure in the Children & Young People portfolio, the main drivers of this being increasing demand, social work staffing challenges and delivery of the ongoing programme of efficiencies. The other main pressure is within the Integrated Health & Care portfolio, reflecting

continuing demand pressures and the complexity of needs of a cohort of individuals.

- 1.7 There will be significant consequences for the Council should robust action not be taken to mitigate this position. The current forecast determines that there will be a requirement to draw upon an additional £6.378m from reserves to meet the shortfall, severely impacting reserves levels and reducing the Council's financial stability. The Council's reserves are not excessive, and it is essential to protect reserves to ensure future financial resilience and sustainability.
- 1.8 If the projected overspend is not reduced permanently, the Council will continue to need to use reserves to fund the revenue budget, increasing the risk of a Section 114 notice. Whilst this risk is substantial, it is not likely over the period of the Medium-Term Financial Strategy.
- 1.9 The position will continue to be closely monitored during the year, with significant focus via the Savings Delivery Board meetings.

## **2. Recommendations for Decision**

**Overview and Scrutiny Commission is recommended to:**

- 1) Note the forecast outturn revenue overspend position for 2023/24 summarised at Section 1 above and detailed in Sections 1 and 2 of the Appendix, and in individual portfolio positions detailed at Annex C.**
- 2) Note the management actions outlined in Section 1 of the Appendix to mitigate the 2023/24 revenue position.**
- 3) Note the latest position with regard to the implementation of 2023/24 budget savings and those brought forward from prior years, as detailed in Section 3 of the Appendix.**
- 4) Note the revised capital programme as detailed in Section 4 of the Appendix.**
- 5) Note the latest Reserves and Balances position as detailed in Section 5 of the Appendix.**
- 6) Note the Other Financial Monitoring Matters as detailed in Section 6 of the Appendix.**
- 7) Note the Treasury Management Position Statement at Annex G to the Appendix.**
- 8) Note the proposed alternative means of achieving saving OPS01 (removal of cash payment options for car parking) detailed at paragraph 3.6 of the Appendix.**

**9) Note the realignment of savings ICH6 (Learning Disability Services Review) and IH&SC01 (Care Package Reviews) detailed in paragraph 3.8 of the Appendix.**

**10) Note the proposed alternative means of achieving saving PH7 (Cessation of Support to Non-Mandatory Council Services) detailed at paragraph 3.9 of the Appendix.**

**11) Note the delegation of accepting the confirmed UK Shared Prosperity Fund Grant to the Director of Strategic Growth in consultation with the relevant portfolio members and the Director of Finance, as detailed in Section 6.1.7 of the Appendix.**

### **3. Purpose of this report**

- 3.1 The Council remains committed to the regular monitoring of its financial performance. This report is provided to update Overview and Scrutiny Commission on the severe position in respect of the revenue budget for 2023/24, and to underline the need for the budgetary pressures to be brought permanently under control.
- 3.2 The report is also provided to update Overview and Scrutiny Commission on progress in delivering the capital programme, as detailed in Appendix 1.
- 3.3 The report was prepared excluding any financial implications that may have arisen from agenda items considered by Cabinet at its meeting on 28 February 2024.

### **4. Background**

- 4.1 The Council's budget supports all the Borough priorities through the allocation of resources and ensuring that they are effectively managed.
- 4.2 This is the third Financial Monitoring Report of 2023/24, covering the period to December 2023.
- 4.3 Despite the implementation of a recruitment freeze, a halt to all non-essential expenditure and a review of agency worker usage, the net portfolio revenue position for 2023/24 has worsened since the previous Financial Monitoring Report considered by Cabinet on 22 November 2023. This report sets out the details of that in Appendix 1.

### **5. Consideration of Alternatives**

- 5.1 None.

### **6. Conclusions**

- 6.1 Forecasts determine that there is future risk to the Council's ongoing financial sustainability and resilience, and a series of actions and measures are necessary to address this position.

6.2 The Medium-Term Financial Strategy and Revenue and Capital Budget report contained elsewhere on the agenda is pivotal in relation to the future financial position of the Council.

## **7. Legal Implications**

7.1 The purpose of this report is to highlight the forecast financial position of the Council and at this stage has no direct legal implications, unless noted.

7.2 Local authorities are required by legislation to set a balanced budget for each financial year, with the Chief Finance Officer (Section 151 Officer) responsible for financial administration and having a number of duties related to financial resilience, including a duty to report on the robustness of the Council's budget estimates and the adequacy of its reserves.

7.3 The Chief Financial Officer also has a statutory duty to issue a formal report if they believe that the Council is unable to set or maintain a balanced budget.

## **8. Financial Implications**

8.1 As detailed in the report.

## **9. Equality Impact Assessment**

9.1 Whilst there are no equality implications arising directly from the report, any potential implications need to be considered and understood when taking action to ensure sustainability of the Council's financial position.

## **10. Social Value**

10.1 There are no direct social value implications arising from the report, but the financial challenge is such that any associated adverse impacts on the local economy, particularly in terms of spend and procurement, need to be fully considered and understood.

## **11. Net Zero and Environment**

11.1 There are no direct implications arising from the report, but the financial challenge is such that any associated adverse impacts on net zero and the environment need to be fully considered and understood.

## **12. Health and Wellbeing**

12.1 There are no direct implications arising from the report, but the financial challenge is such that any associated adverse impacts on health and wellbeing need to be fully considered and understood.

## **13. Customer and Resident**

13.1 There are no direct implications on people accessing Council services or those resident in the Borough from this report, but any potential adverse impacts must be fully considered and understood when taking action to ensure the Council's financial sustainability.

#### **14. Asset and Property**

14.1 Section 4 and Annex F provide detail on the Council's capital programme, which includes investment in the Council's land and property assets.

#### **15. Staffing and People Management**

15.1 There are no direct implications on staffing arising from this report, but due to the extreme financial challenge, any associated potential adverse impacts upon staffing will need to be considered and understood.

#### **16. Risks**

16.1 The report outlines the Council's forecast budget position and highlights a number of serious risks in relation to the Council's financial position and sustainability.

#### **17. Policy Framework Implications**

17.1 There are no direct implications arising from this report, but due to the extreme financial challenge, any associated potentially adverse impacts will need to be considered and understood.

#### **18. Impact and Opportunities on Localities**

18.1 None arising directly from this report, but any potential impacts and opportunities need to be fully considered and understood when taking action to ensure the Council's financial sustainability.

#### **19. Background Documents**

19.1 None.

#### **20. Appendices**

20.1 Appendix 1 – Financial Monitoring Report Period 3 2023/24