



# Overview and Scrutiny Commission

## 3 February 2025

<b>Report Title</b>	<b>Financial Monitoring Report Period 2 2024/25</b>
<b>Cabinet Portfolio</b>	Finance & Governance
<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 2024/25. It also summarises the Council's reserves and balances position and includes the Interim Treasury Management Strategy Report.
- 1.2 The report also provides detail on the delivery of the 2024/25 programme of budget savings, including savings brought forward from prior years. The failure to deliver agreed savings presents a key risk to the Council.
- 1.3 There is a forecast portfolio overspend of £8.910m against the updated net portfolio budget of £185.838m. There was a similar portfolio overspend in both 2022/23 and 2023/24, making 2024/25 the third consecutive year in which the Council is forecasting a significant overspend.
- 1.4 One-off corporate underspends are forecast to offset the portfolio overspend by £3.410m, resulting in a forecast net budget overspend of £5.500m for 2024/25. This presents a significant financial risk to the Council. There is an urgent requirement for mitigating actions to be implemented by management to minimise this risk.
- 1.5 The forecast position is summarised in the table below.

<b>Portfolio</b>	<b>Forecast Variance at P2 £000</b>
<b>Transport &amp; Environment</b>	+1,989
<b>Finance &amp; Governance</b>	+85
<b>People, Performance &amp; IT</b>	(91)
<b>Inclusive Growth &amp; Regeneration</b>	+285
<b>Integrated Health &amp; Social Care</b>	+800
<b>Public Health</b>	0
<b>Business, Culture &amp; Leisure</b>	0
<b>Children &amp; Young People</b>	+6,142
<b>Supporting Neighbourhoods</b>	(300)
<b>Net Portfolio Position</b>	<b>+8,910</b>
<b>Corporate Budgets</b>	(3,410)
<b>Net Forecast Position 2024/25</b>	<b>+5,500</b>

- 1.6 The main pressure is within Children & Young People, the main drivers of this being increasing demand, social work staffing challenges and unachieved savings. The pressure in the Transport & Environment portfolio is primarily as a result of the unsuccessful retendering of the Recycling contract. The other main

pressure is within Integrated Health & Care, reflecting ongoing demand pressures and the complexity of service users' needs.

- 1.7 If the forecast overspend is not reduced, 2024/25 will be the third consecutive year in which the Council has significantly overspent, requiring further unplanned use of reserves. It is vital for the Council's financial sustainability that it is able to control its costs and operate within its approved budgets.

## **2. Recommendations for Decision**

Overview and Scrutiny Commission is recommended to:

1) Note the severe forecast outturn revenue overspend position for 2024/25 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 latest position with regard to the implementation of 2024/25 budget savings and those brought forward from prior years, as detailed in Section 3 of the Appendix.

3) Note the revised capital programme as detailed in Section 4 and Annex F of the Appendix.

4) Note and approve the latest Reserves and Balances position as detailed in Section 5 of the Appendix.

5) Note the Dedicated Schools Grant position as detailed in Section 6 of the Appendix.

6) Note the Other Financial Monitoring Matters as detailed in Section 7 of the Appendix.

7) Note the £0.538m of funding from the Liverpool City Region Combined Authority to support development work on the St Helens to Widnes Active Travel route.

9) Note the Interim Treasury Management Strategy Report 2024/25 at Annex G to 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 Cabinet on the position in respect of the revenue budget for 2024/25.
- 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 This report is prepared excluding any financial implications that may arise during or since the Cabinet meeting on 20 November 2024.

#### **4. Background / Reason for the recommendations**

- 4.1 This is the second Financial Monitoring Report of 2024/25, covering the period to September 2024.
- 4.2 The Council's budget supports all the Borough priorities through the allocation of resources and ensuring that they are effectively managed.

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

- 5.1 None.

#### **6. Conclusions**

- 6.1 N/A

#### **7. Legal Implications**

- 7.1 The purpose of this report is to highlight the forecast financial position of the Council and has no direct legal or other implications unless noted.
- 7.2 Local authorities are required by legislation to set a balanced budget for each financial year, with the Section 151 Officer having a 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 Appendix 1.

#### **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 specific implications directly arising from this report.

#### **12. Health and Wellbeing**

- 12.1 There are no specific implications directly arising from this report.

### **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 significant levels of investment in the Council's land and property assets.

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

15.1 The report has no direct staffing and human resources implications, though the financial challenge is such that future potential adverse impacts on staffing must be acknowledged.

### **16. Risks**

16.1 This report describes the budget position of the Council and highlights a number of risks in relation to the Council's financial position and sustainability.

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

17.1 There are no specific implications directly arising from this report.

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

18.1 There are no specific implications directly arising from this report.

### **19. Background Documents**

19.1 None.

### **20. Appendices**

20.1 Appendix 1 – Financial Monitoring Report Period 2 2024/25