

REPORT OF THE

CABINET

PART I

1. 2022/23 – END OF YEAR FINANCIAL REPORT

- 1.1. At its meeting of 18 July 2023, Cabinet considered a report providing a summary of the 2022/23 final accounts.
- 1.2. Net service expenditure was £3.5m lower than the revised forecast against a cash limited budget of over £1.1bn, excluding spending by schools; a variance of just 0.3%. The position for each of the directorates is summarised in the table below:

	Variance (Under) / Over Budget
	£M
Adults' Health and Care	4.0
Children's Services - Non Schools	1.4
Corporate Services	(3.9)
Hampshire 2050	(0.2)
Universal Services	(4.8)
Total Directorate Expenditure	(3.5)

- 1.3. Since the combined cost of change reserve for Hampshire 2050 and Corporate Service is sufficient to meet future commitments, this report proposes that the year end variance for both Directorates is transferred to the Budget Bridging Reserve (BBR).
- 1.4. The net variance on non-cash limited budgets totals £1.1m under budget. The unused budget will be transferred to the BBR, bringing the total year end transfer to £5.2m.
- 1.5. The report contains a section on reserves and balances highlighting a net reduction in reserves available to the County Council of £38m. Of this reduction, £34m relates to the net draw from directorate reserves used for a number of purposes including cash flow funding for delayed savings, funding to offset inflation and demand pressures and investment in services.
- 1.6. As part of the budget setting report, it was highlighted that a review of reserves would be undertaken at year end to determine whether there were additional contributions that could be transferred to the BBR in the run up to the 2025/26 financial year. The review identified a total of £89m that can be re-purposed as required. This report recommends that £61.26m is transferred to the BBR and a total of £27.74m is allocated to address two other critical

issues that require corporate funding at this point, as set out in recommendations c. and d. below.

- 1.7. County Council are asked to approve the updated capital programme, as set out in Table 4 of Appendix 3, and the variation in the scheme value of the Alderwood School scheme of £2.7m where consultation with the Environment Agency has resulted in the requirement for a new proposal for the site.
- 1.8. The report also recommends approval of the annual report on the operation of the treasury management strategy and the County Council's end of year prudential indicators.

The full report to Cabinet can be found at the following link and is appended to this Part I report:

- [\[Cabinet, 18th July 2023 - End of Year Financial Report 2022-23\]](#)

RECOMMENDATIONS

Subject to Cabinet approval on 18 July, that the County Council approves:

- a. The report on the County Council's treasury management activities and prudential indicators set out in Appendix 2.
- b. The transfer of unused budget of £4.1m within Corporate Services and Hampshire 2050 to the Budget Bridging Reserve.
- c. An additional investment of £7.5m per annum for the next three years for highways reactive maintenance, to be met from reserves.
- d. Funding of £5.24m for the switch from analogue to digital to be met from reserves.
- e. The review of earmarked reserves resulting in a transfer of £61.26m to the Budget Bridging Reserve.
- f. A variation to the 2024/25 Alderwood School (Aldershot) capital scheme of £2.7m resulting in an estimated scheme cost of £12m with the additional funding coming from a mix of developer contributions (£1m) and resources transferred from 2023/24 (£1.7m).
- g. The updated capital programme presented in Table 4 of Appendix 3 including changes to the programme since February 2023.