

## **MINUTE EXTRACT**

### **POLICY AND RESOURCES COMMITTEE**

**11 NOVEMBER, 2020**

#### **21 2020/21 REVENUE BUDGET MONITOR FOR QUARTER TWO (APR - SEP)**

Shaer Halewood, Director of Resources, introduced a report which provided a summary of the projected year-end revenue position as at the end of Quarter 2 (September 2020) of the 2020/21 financial year, including:

- the financial risk profile presented by the COVID-19 pandemic
- a review of pressures and savings contained within the original budget position and
- an update to the Medium Term Financial Plan.

The year-end forecast recorded as part of September's financial monitoring activity represented an adverse variance to revenue budget of £24.074m; this comprised:

- £21.448m adverse forecast variance in relation to revenue budget, stemming largely from matters arising through the COVID-19 pandemic.
- £2.480m forecast deficit on expected capital receipts, which support the revenue budget position via flexible use of capital receipts and;
- £0.145m gap in direct COVID-19 funding against forecast requirements.

The Government had recently announced further funding for Wirral of £5.428m for a Tranche 4 allocation, and £9.3m mitigations for Sales, Fees and Charges losses, which the Council was awaiting receipt.

The Council's financial position remained challenging and to a certain degree uncertain, with work underway to develop response activity following the initiation of Tier 3 status in the Liverpool City Region whilst details of the forthcoming Spending Round were awaited in relation to 2021/22 funding.

The financial position was fluid and developing with the government having stated its continuing support to the sector. That said, the Council continued to limit spending to essential areas of service delivery only and Corporate Directors were supported to mitigate the risk of overspending.

Shaer Halewood responded to a number of comments and questions from Members and agreed that she would circulate the letter which the Chief Executive had received from the Council's external auditors, Grant Thornton, in which concern had been expressed over the Council's financial position. She acknowledged the difficulties arising from the one year budget settlement which was due to be given on 25 November. Nothing had yet been received in writing from the Ministry for Housing, Communities and Local Government on the capitalisation directive application which had been submitted in the sum of £63.5m covering this year and next, 2020/21 and

2021/22, with an indicative plan to achieve this sum over the next five years based around outcomes for residents.

During the debate on this item, Members expressed their thanks to the Director of Children, Education and Families, all his staff and the two previous Cabinet portfolio holders for Children's and Families, following the recent announcement that Children's Services had now been brought out of special measures.

Paul Boyce, in response to a Member's comment, agreed that he would circulate a response on the number of children with special needs in residential care and where they had been placed and the alternative residential provision being pursued.

On a motion by the Chair, seconded by Councillor Anita Leech, it was -

**A. Resolved - That the Policy and Resources Committee:**

- (1) notes the year-end forecast position at Quarter 2 of £24.074m adverse;**
- (2) notes the risks posed to delivering on the savings proposals within the 2020-21 budget;**
- (3) notes the impact of funding and expenditure as a direct consequence of COVID-19, including the additional funding sources which have been identified, but as yet, not received;**
- (4) notes the revisions to the Medium Term Financial Strategy (MTFS) 2020-2025.**

**B. RECOMMENDED - To Council the increased budget in relation to Covid-19 funding of £42.538m, which is for Council use and note the additional £132.793m of funds that is to be made available to the Council for onward relay to other organisations as passported funding; a total sum of £175.33m is therefore the combined Covid-19 funding being received by the Council based on current information. This recommendation supersedes the recommendation made by Policy and Resources Committee on 7 October, following the recent notification of additional funding.**