

MINUTE EXTRACT

POLICY AND RESOURCES COMMITTEE

17 FEBRUARY, 2021

66 2020/21 REVENUE BUDGET MONITORING FOR QUARTER THREE

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 3 (December 2020) of the 2020/21 financial year, including:

- the financial risk profile presented by the Covid-19 pandemic and
- a review of pressures and savings contained within the original budget position.

The year-end forecast recorded as part of December's financial monitoring activity represented an adverse variance, net of exceptional financial support, from revenue budget of £8.948m; this comprised:

- £16.378m adverse forecast variance in relation to revenue budget, stemming largely from matters arising through the Covid-19 pandemic.
- £3.3m forecast deficit on expected capital receipts, which support the revenue budget position via flexible use of capital receipts and
- the above items being offset by £10.73m government funding to compensate for lost sales, fees and charges compensation due to the impact of Covid-19.

The change in the position from Quarter 2 to Quarter 3 forecast was mainly as a result of additional Covid-19 funding received by Government which was included in the Quarter 2 forecasts as being funded from Directorate budgets, additional temporary savings being found since Quarter 2 and a reduction in pressures, mainly in relation to Children and Families.

The Council's response to the Covid-19 pandemic continued to present financial risk due to uncertainty and fluidity in the external environment, however the ringfenced "tranche" funding, was forecast to a balanced position.

The overall financial position for the Council remained challenging, and a number of actions were in progress to mitigate the overall forecast position presented at quarter 3, including limiting spending to essential areas of service delivery only, with Corporate Directors supported to mitigate the risk of overspending.

In October 2020, the Committee had requested exceptional financial support (capitalisation directive) from the Ministry of Housing, Communities and Local Government (MHCLG) and an offer had recently been provided from MHCLG to enable a balanced budget to be reported for 2020/21 and 2021/22. The Ministry had indicated that they were able to offer a capitalisation direction up to a maximum value of £14.8m for 2020/21, subject to conditions. This value was based on the Quarter 2 forecast at the time of the offer. The Committee's agenda included the 2021/22 Budget Report, which included a recommendation to Full Council that:

The Council proceeds with the request for exceptional financial support with the conditions outlined in the letter from the Minister of State for Regional Growth and Local Government dated 2 February, 2021.

It was assumed that the value of exceptional financial support would be provided at the level required, up to a maximum of £14.8m at the end of the 2020/21 financial year. Therefore a forecast balanced position for 2020/21 could now be reported.

Responding to a Member's comment, Shaer Halewood confirmed the rigid processes in place for vacancy control through the Senior Leadership Team.

A. Resolved - That this Committee:

(1) notes the balanced year-end forecast position;

(2) 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.

B. RECOMMENDED –

To Council the 2020/21 budget of £41.144m in relation to Covid-19 funding for Council use and notes the additional £134.490m of funds that is to be made available to the Council for onward relay to other organisations as passported funding. This recommendation follows on from the recommendation made by Policy & Resources Committee on 11 November 2020, following the recent notification of additional funding.