

<b>Subject:</b>	<b>Targeted Budget Management (TBM) 2021/22: Month 5 (August)</b>		
<b>Date of Meeting:</b>	<b>7 October 2021</b>		
<b>Report of:</b>	<b>Acting Chief Finance Officer</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Jeff Coates</b>	<b>Tel: 29-2364</b>
	<b>Email:</b>	<b>Jeff.Coates@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE**

**1 PURPOSE OF REPORT AND POLICY CONTEXT:**

- 1.1 The Targeted Budget Monitoring (TBM) report is a key component of the council's overall performance monitoring and control framework. This report sets out an indication of forecast risks as at Month 5 on the council's revenue and capital budgets for the financial year 2021/22. As last year, the report includes memorandum information to indicate the element of the forecast attributable to the ongoing pandemic.
- 1.2 The forecast risk for 2021/22 at month 5 (August) is a £4.159m overspend on the General Fund revenue budget. This includes a forecast underspend of £0.843m on the council's share of the NHS managed Section 75 services. The committee are advised that some aspects of the forecast remain challenging to assess in terms of the potential ongoing impact of the pandemic on the local economy, visitor activity and the associated demands this can place on services. For example, cessation or changes in eviction legislation, furlough, Universal Credit top-up's and/or other Covid support could have significant financial implications.
- 1.3 The report indicates that £3.395m (32%) of the substantial savings package in 2021/22 of £10.687m is at risk. Of this, £0.890m is due to pressures arising from Covid-19.
- 1.4 With regard to the Capital Investment Programme, this continues to be affected by the pandemic and re-profiling of costs into future years remains higher than normal.

**2 RECOMMENDATIONS:**

- 2.1 That the Committee note the forecast risk position for the General Fund, which indicates a potential forecast overspend risk of £4.159m. This is net of an underspend of £0.843m on the council's share of the NHS managed Section 75 services.
- 2.2 That the Committee note the forecast for the Housing Revenue Account (HRA), which is currently an overspend of £0.978m.
- 2.3 That the Committee note the forecast risk position for the Dedicated Schools Grant which is an overspend of £0.475m.

- 2.4 That the Committee note the forecast outturn position on the capital programme which is a forecast underspend of £3.959m and approve the variations and slippage in Appendix 6 and new schemes as set out in Appendix 7.
- 2.5 That the Committee agree to allocate the remaining 2021/22 Contain Outbreak Management Funding of £1.615m to cover pandemic-driven pressures across Homelessness and Rough Sleeping.

### **3 CONTEXT/ BACKGROUND INFORMATION**

#### **Targeted Budget Management (TBM) Reporting Framework**

- 3.1 The TBM framework focuses on identifying and managing financial risks on a regular basis throughout the year. This is applied at all levels of the organisation from Budget Managers through to Policy & Resources Committee. Services monitor their TBM position on a monthly or quarterly basis depending on the size, complexity or risks apparent within a budget area. TBM therefore operates on a risk-based approach, paying particular attention to mitigation of growing cost pressures, demands or overspending through effective financial recovery planning together with more regular monitoring of high risk demand-led areas as detailed below.
- 3.2 The TBM report is normally split into the following sections:
- i) General Fund Revenue Budget Performance
  - ii) Housing Revenue Account (HRA) Performance
  - iii) Dedicated Schools Grant (DSG) Performance
  - iv) NHS Controlled S75 Partnership Performance
  - v) Capital Investment Programme Performance
  - vi) Capital Programme Changes
  - vii) Implications for the Medium Term Financial Strategy (MTFS)
  - viii) Comments of the Chief Finance Officer (statutory S151 officer)

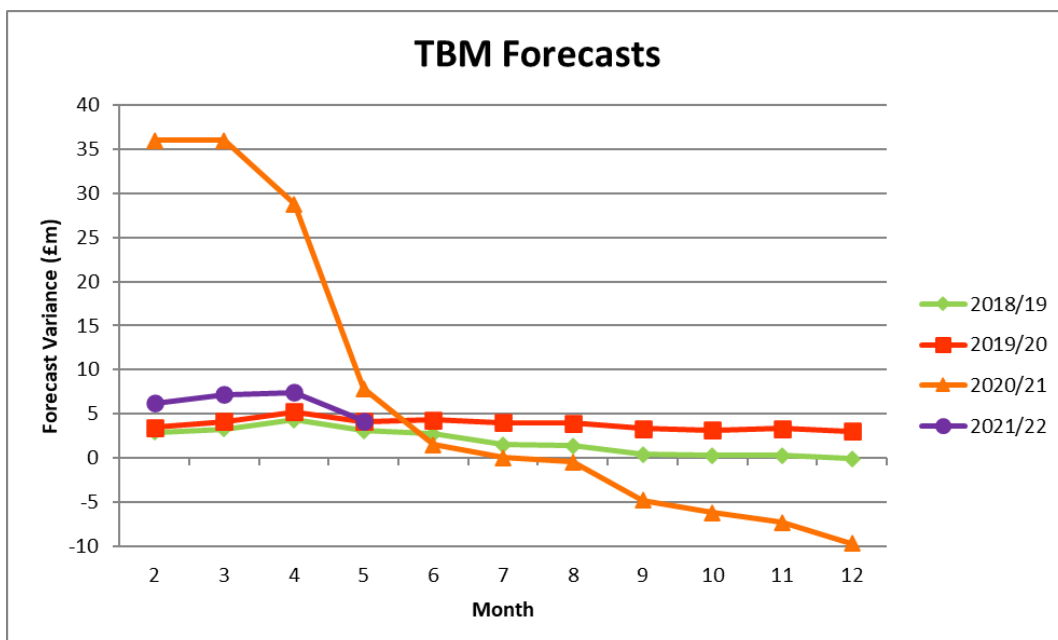
### **4 General Fund Revenue Budget Performance (Appendix 3)**

- 4.1 The table below shows the provisional outturn for Council controlled revenue budgets within the General Fund. These are budgets under the direct control and management of the Executive Leadership Team. More detailed explanation of the variances can be found in Appendix 4. Please note that the 'COVID Variance Month 5' column is a memorandum-only column identifying the extent of the 'Forecast Variance Month 5' attributable to the pandemic.

Forecast Variance Month 2 £'000	Directorate	2021/22 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	COVID * Variance Month 5 £'000	Forecast Variance Month 5 %
557	Families, Children & Learning	98,137	98,660	523	547	0.5%
212	Health & Adult Social Care	71,219	70,446	(773)	198	-1.1%
4,227	Economy, Environment & Culture	42,759	46,188	3,429	4,200	8.0%
891	Housing, Neighbourhoods & Communities	25,493	27,476	1,983	1,951	7.8%
465	Finance & Resources	22,970	23,950	980	3	4.3%
0	Strategy, Governance & Law	6,176	6,157	(19)	0	-0.3%
6,352	Sub Total	266,754	272,877	6,123	6,899	2.3%
(147)	Corporately-held Budgets	(71,014)	(72,978)	(1,964)	49	-2.8%
6,205	Total General Fund	195,740	199,899	4,159	6,948	2.1%

\* The COVID-19 Grant for 2021/22 is £8.023m but has been treated as recurrent funding to balance the 2021/22 budget and does not therefore show as a one-off grant above.

4.2 The General Fund includes general council services, corporate budgets and central support services. Corporate Budgets include centrally held provisions and budgets (e.g. insurance) as well as some cross-cutting value for money savings targets. Note that General Fund services are accounted for separately to the Housing Revenue Account (Council Housing). Note also that although part of the General Fund, financial information for the Dedicated Schools Grant is shown separately as this is ring-fenced to education provision (i.e. Schools). The chart below shows the monthly forecast variances for 2021/22 and the previous three years for comparative purposes. The impact of the pandemic clearly makes comparisons difficult at this time.

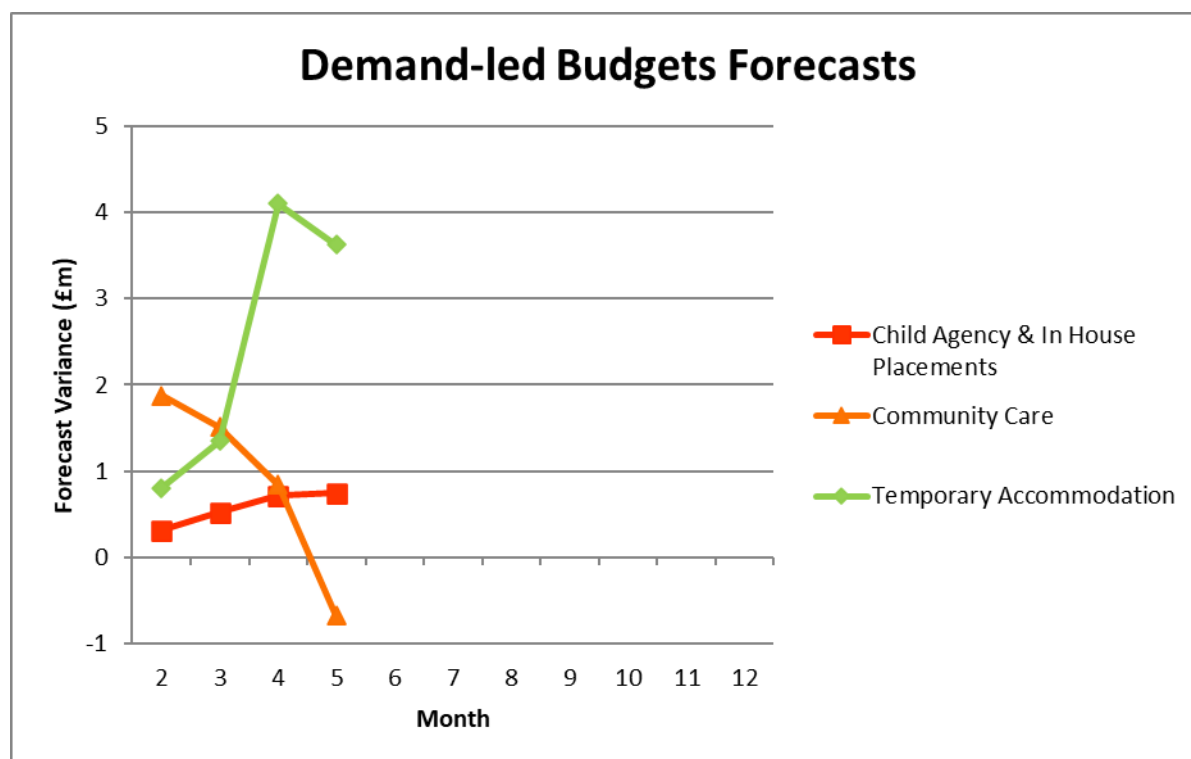


### Demand-led Budgets

- 4.3 There are a number of budgets that carry potentially higher financial risks and therefore could have a material impact on the council's overall financial position. These are budgets of corporate significance where demand or activity is difficult to predict and where relatively small changes in demand can have significant implications for the council's budget strategy. These can include income related budgets. These therefore undergo more frequent and detailed analysis.

Forecast Variance Month 2 £'000	Demand-led Budget	2021/22 Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	COVID Variance Month 5 £'000	Forecast Variance Month 5 %
311	Child Agency & In House Placements	22,828	23,573	745	201	3.3%
1,878	Community Care	82,898	82,224	(674)	0	-0.8%
807	Temporary Accommodation	10,190	13,818	3,628	2,996	35.6%
2,996	Total Demand-led Budget	115,916	119,615	3,699	3,197	3.2%

The chart below shows the monthly forecast variances on the demand-led budgets for 2021/22.



### TBM Focus Areas

The main pressures identified at Month 5 are across parts of Families, Children & Learning, Homelessness, Transport, City Environmental Management and Culture, Tourism & Sport. Information about these pressures and measures to mitigate them are summarised below:

- 4.4 **Families, Children & Learning:** The current projected position identifies potentially significant cost pressures: £0.732m on Services for Children with Disabilities; £0.126m on Services for Adults with Learning Disabilities and Council Nurseries

£0.150m. However, there is a forecast underspend on Children's Social Care Services of (£0.452m) and Home to School transport of (£0.101m) together with other variances of £0.068m, this results in a forecast of £0.523m overspend as at Month 5.

£0.547m of the forecast overspend relates to Covid-19 – this is a combination of loss of income, impact on savings targets and additional expenditure given the need to mitigate health risks posed by Covid-19. Work will continue in implementing financial recovery plans but it is anticipated that demand for statutory social care services could increase as families exit lock down.

The projected position for the Dedicated Schools Grant is an overspend of £0.475m. This is largely due to some significant overspends in the high needs block, most notably education agency placements £0.605m. These pressures are offset by the remaining balance of the central DSG carried forward from 2020/21.

4.5 **Adults Services:** Challenges remain across the service from increasing demands from client needs, supporting more people to be discharged from hospital when they are ready and maintaining a resilient local provider market to avoid high unit costs. This is alongside supporting vulnerable clients during the coronavirus pandemic, delivering a significant financial recovery plan and developing integration plans through the Better Care Fund.

- Although the overall position is favourable, this is only after applying service pressure funding of £12.700m in 2021/22 which has been used to fund budget pressures resulting from the increased demands and complexity in the city. Funding of £0.361m was also needed to backfill the reduction in CCG funding contributions. Over the last three years there has been an overall £3.750m reduction in CCG funding due to pressures on local NHS budgets.
- At this stage, £1.611m of the £4.515m 2021/22 savings plan are being forecast as unachievable in this financial year. To maintain this position, actions are focused on attempting to manage demand on and costs of community care placements across Assessment Services and making the most efficient use of available funds.
- The HASC directorate has a Modernisation Programme which aims to implement a consistent strengths-based approach across key work streams, ensuring robust pathways are in place, developing a community reablement offer and re-designing the front door service. Currently the Health & Social Care system is under considerable pressure and this is generating additional costs for the council due to:
  - Pressures on NHS budgets resulting in reduced funding contributions from the CCG;
  - Significant pressures on the acute hospital resulting in increased costs to support timely discharge into residential and nursing home care;
  - Ongoing transformation of GP practices and enhancement of their clinical screening and general medical services which contribute to preventative support;
  - Pressures on NHS outreach and other preventative services including community nursing (known as Integrated Primary Care Teams);
  - There is also focus nationally on improving rates of hospital discharge in order to accommodate winter pressures.

The funding of all care packages is scrutinised for Value for Money, ensuring that eligible needs are met in the most cost-effective manner which will not always meet people's aspirations. Established safeguards are in place to provide assurance within this process.

4.6 **Housing Services and Temporary Accommodation:** The budget for Temporary Accommodation is currently forecast to overspend by £0.632m. This pressure relates partly to the budget assumption for Rough Sleeper funding which included £1m increased funding relating to the government announcement of £254m funding nationally of which £151m was new funding and was expected to provide at least £1m additional core funding to the council. This funding was not confirmed in the Local Government Financial Settlement (LGFS) and this has caused some presentational and analytical issues.

In the event, in May 2021, government announced funding of £203m nationally, however, this not only subsumed the previous announcement but also covered a number of other funding streams including Rough Sleeper Initiative (RSI4), Next Steps Accommodation Programme (NSAP) continuation, and other Covid support. Some elements of the funding therefore came with specific conditions to provide additional services. Therefore, although core funding has increased overall, it has not increased by £1m compared to 2020/21 core funding thereby creating a budget pressure.

This pressure is partially offset by an underspend of £0.368m reflecting that the new Emergency Accommodation (EA) contracts are unlikely to be in place until April 2022 and therefore the estimated extra costs will not occur until the new financial year. This forecast assumes that the numbers in EA (excluding emergency hotels discussed separately below), will remain at a similar level for the remainder of the year (average level of 627 units). Move-ons from EA are proving challenging while the service prioritises moving on those housed in hotels under the 'Everyone In' initiative. By assuming numbers remain high, this allows for some of the risks around homelessness increasing as a result of the ending of the moratorium on private landlord evictions together with potential implications with the ending of the government's furlough scheme, although numbers are very difficult to predict at this time.

There is a forecast overspend on the cost of the additional emergency hotel accommodation originally acquired early in the pandemic. The forecast spend has increased by £1.923m since the forecast at Month 2 leading to an overspend of £2.730m. While the rough sleepers are being moved-on and the projection is for move-on's to be completed by the end of November, the impact has been that other statutory homeless people have not been able to move-on as there is insufficient supply of accommodation to move-on all groups at the same time and priority has been given to those originally housed under the 'Everyone In' initiative during the pandemic.

Also, so far this year, any move-on's have been largely replaced with new placements and so it will not be possible to decant all of the hotels as originally planned. The forecast therefore assumes that an estimated 136 rooms will be required to 31 March 2022 to house those that the council owes a homeless duty to. The service is currently experiencing high demand in its supported accommodation which means that move on options for those in hotels are limited. The current costs of this service are high with an average gross cost of approximately £80 per person, per night due to the high costs of damages and repairs, security costs and food. Housing Benefit (HB) income is also lower than

expected, however, this is explained to some degree by the fact that the hotels are also being utilised for emergency accommodation clients and so the HB income for these is included in the forecast for Temporary Accommodation above. The forecast assumes the use of £2.043m in Containment Outbreak Management Fund (COMF) Grant as agreed at P&R Committee 28 April 2021 and the use of £0.500m grant from MHCLG for continued housing of rough sleepers as included in the original budget assumptions.

The service will continue to work to improve this overspend position as the year progresses and has put in place a Financial Recovery Plan for Temporary Accommodation to reduce the forecast costs by £1.815m as summarised in Appendix 4. The service has already reduced the forecast spend by £0.370m when compared to an interim forecast at Month 4 and the Financial Recovery Plan includes a further £0.200m in cost reduction measures. As part of this Plan, this report is recommending the use of the remainder of the 2021/22 COMF grant funding of £1.615m to support the continuing pressures caused by the pandemic of those in emergency accommodation to whom the council owes a Housing duty. This will be kept under review and, if possible, additional cost reductions will be sought to reduce the overspend further. The service has recently employed the services of a Homelessness Transformation Manager to head up an 'end to end' improvement programme to help the service improve its processes to reduce the use and length of stay in Temporary Accommodation by improving homeless prevention and enabling move on to more sustainable accommodation. This in turn should also lead to cost reductions by improving move-on processes, void turnaround times in emergency accommodation, and improving income collection for example.

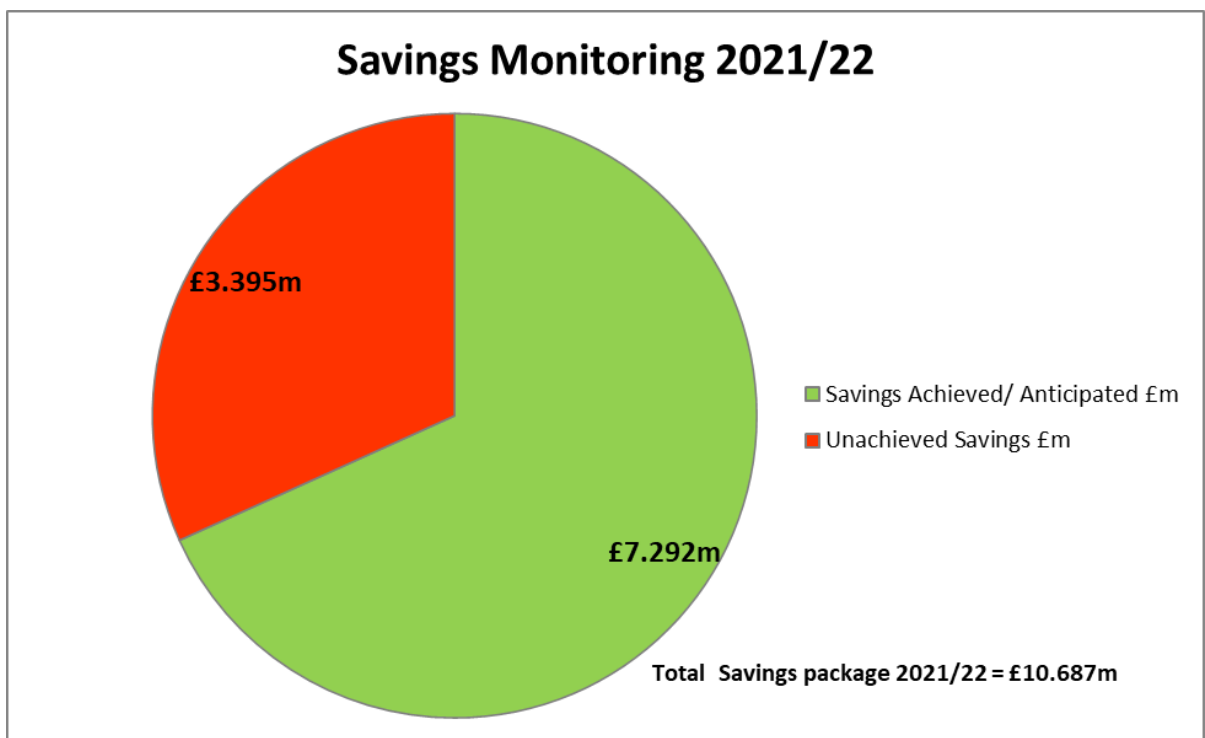
The council commissions services to assist rough sleepers and those in supported housing. This service is forecast to overspend by £0.276m during 2021/22. The main reasons for this are an estimated £0.140m cost of a SWEP (Severe Weather Emergency Protocol) building for 6 months as a result of not being able to use congregate accommodation due to Covid-19. There is also a forecast £0.174m overspend on support for those rough sleepers housed in the 'care and protect' hotels and for a further 3 months, July to September. These overspends are offset by other minor underspends of £0.047m.

- 4.7 **Environment, Economy & Culture:** The Directorate has substantial income budgets for parking, planning and venues and for the council's commercial property portfolio, all of which are dependent on visitor numbers and commercial activity. There is also a challenging additional income target for Parking Services of £1.750m for 2021/22. These activities and services have been heavily impacted by the Covid-19 restrictions and the forecast is for significant income shortfalls compared to budget for 2021/22 in most of these areas.

The Sales, Fees & Charges Compensation Grant has reduced the impact of some of these lost incomes. There may be some recovery following improvements to tourism and visitor numbers as behaviours change following the lifting of restriction. However, there are also unavoidable cost pressures (mainly agency staffing) related to maintaining core services, such as refuse collection & recycling and street cleansing. The overall effect of these factors is a forecast risk of £3.429m for Month 5 which is an improvement of £0.798m compared to £4.227m at Month 2.

## Monitoring Savings

- 4.8 The savings package approved by full Council to support the revenue budget position in 2021/22 was £10.687m following directly on from a £10.291m savings package in 2020/21. This is very significant and follows 10 years of substantial packages totalling over £175m that have been necessary to enable cost and demand increases to be funded alongside managing reductions in central government grant funding of over £100m.
- 4.9 Appendix 4 provides a summary of savings in each directorate and indicates in total what is anticipated/achieved or is at risk. Appendix 5 summarises the position across all directorates and presents the entire savings programme. The graph below provides a summary of the position as at Month 5 and shows that £3.395m (32%) is currently at risk. Of this £0.890m is in respect of pressures relating to COVID-19. Mitigation of these risks will be included in the development of services' financial recovery actions as far as possible.



## 5 Housing Revenue Account Performance (Appendix 4)

- 5.1 The Housing Revenue Account is a separate ring-fenced account within the General Fund that covers income and expenditure related to the management and operation of the council's housing stock. Expenditure is generally funded by Council Tenants' rents and housing benefits. The forecast outturn is currently an overspend of £0.978m and more details are provided in Appendix 4.
- 5.2 This year is more challenging for the HRA and the relatively small overspend is mainly the result of the catching up on the backlog of repairs from 2020/21 together with a reduction in rent income caused by empty properties awaiting works. These costs are largely offset by other underspends across the service resulting in a relatively small forecast overspend of £0.978m. However, if the HRA cannot manage this overspend through the year, this can be met from HRA reserves.



## 6 Dedicated Schools Grant Performance (Appendix 4)

6.1 The Dedicated Schools Grant (DSG) is a ring-fenced grant within the General Fund which can only be used to fund expenditure on the schools budget. The schools budget includes elements for a range of services provided on an authority-wide basis including Early Years education provided by the Private, Voluntary and Independent (PVI) sector, and the Individual Schools Budget (ISB) which is divided into a budget share for each maintained school. The forecast outturn is an overspend of £0.475m and more details are provided in Appendix 4. Under the Schools Finance Regulations any underspend or overspend must be carried forward to support the schools budget in future years.

## 7 NHS Managed S75 Partnership Performance (Appendix 4)

7.1 The NHS Trust-managed Section 75 Services represent those services for which local NHS Trusts act as the Host Provider under Section 75 Agreements. Services are managed by Sussex Partnership Foundation Trust (SPFT) and include health and social care services for Adult Mental Health and Memory and Cognitive Support Services.

7.2 This partnership is subject to separate annual risk-sharing arrangements and the monitoring of financial performance is the responsibility of the respective host NHS Trust provider. Risk-sharing arrangements result in financial implications for the council where a partnership is underspent or overspent at year-end and hence the performance of the partnership is included within the forecast outturn for the Health & Adult Social Care directorate. An underspend of £0.843m is currently forecast and more details are provided in Appendix 4.

## 8 Capital Programme Performance and Changes

8.1 The table below provides a summary of capital programme performance by Directorate and shows that there is a forecast underspend of £3.959m at this stage. More details are provided in Appendix 6.

Forecast Variance Month 2 £'000	Directorate	Reported Budget Month 5 £'000	Forecast Outturn Month 5 £'000	Forecast Variance Month 5 £'000	Forecast Variance Month 5 %
0	Families, Children & Learning	25,025	25,025	0	0.0%
0	Health & Adult Social Care	755	803	48	6.4%
0	Economy, Environment & Culture	90,043	90,043	0	0.0%
0	Housing, Neighbourhoods & Communities	2,990	2,990	0	0.0%
(2,417)	Housing Revenue Account	82,113	78,104	(4,009)	-4.9%
0	Finance & Resources	2,953	2,953	0	0.0%
0	Strategy, Governance & Law	600	602	2	0.3%
(2,417)	Total Capital	204,478	200,519	(3,959)	-1.9%

(Note: Summary may include minor rounding differences to Appendix 5)

8.2 Appendix 6 shows the changes to the capital budget and Appendix 7 provides details of new schemes for 2021/22 to be added to the capital programme which

are included in the budget figures above. Policy & Resources Committee's approval for these changes is required under the council's Financial Regulations. The following table shows the movement in the capital budget since approval at Budget Council.

<b>Summary of Capital Budget Movement</b>	<b>Reported Budget Month 5 £'000</b>
Budget approved as at TBM 2	205,585
Changes reported at other committees and already approved	10,329
New schemes to be approved in this report (see Appendix 5)	192
Variations to budget (to be approved)	4,861
Reprofiling of budget (to be approved)	(16,489)
Slippage (to be approved)	0
<b>Total Capital</b>	<b>204,478</b>

- 8.3 Appendix 6 also details any slippage into next year. However, as normal, project managers have forecast that none of the capital budget will slip into the next financial year at this early stage.

## **9 Implications for the Medium Term Financial Strategy (MTFS)**

- 9.1 The council's MTFS sets out resource assumptions and projections over a longer term. It is periodically updated including a major annual update which is included in the annual revenue budget report to Policy & Resources Committee and Full Council. This section highlights any potential implications for the current MTFS arising from in-year TBM monitoring above and details any changes to financial risks together with any impact on associated risk provisions, reserves and contingencies. Details of Capital Receipts and Collection Fund performance are also given below because of their potential impact on future resources.

### **Capital Receipts Performance**

- 9.2 Capital receipts are used to support the capital programme. Any changes to the level of receipts during the year will impact on future years' capital programmes and may impact on the level of future investment for corporate funds and projects such as the Strategic Investment Fund, Modernisation Fund, Asset Management Fund and the Information, Technology and Digital Investment Fund. The planned profile of capital receipts for 2021/22, as at Month 5, is £11.400m which includes receipts expected from the land transferring to the HRA for the Moulsecomb housing redevelopment, land disposals at the Cliff and Braypool Lane, disposal of properties at the Old Steine and a number of lease extensions. To date there have been receipts of £1.875m in relation to the lease re-gear for commercial premises in Western Road in Brighton, the disposal of land at Braypool Lane and some minor loan repayments. The capital receipts performance will be monitored over the coming months against capital commitments
- 9.3 The forecast for the 'right to buy sales' in 2021/22 (after allowable costs, repayment of housing debt and forecast receipt to central government) is that an estimated 30 homes will be sold and net retained receipt of up to £2.000m available to re-invest in replacement homes. In addition to this net retained receipt the HRA will also

retain circa £0.520m to fund investment in the HRA capital programme. To date 16 homes have been sold in 2021/22.

### **Collection Fund Performance**

- 9.4 The collection fund is a separate account for transactions in relation to council tax and business rates. Any deficit or surplus forecast on the collection fund relating to council tax is distributed between the council, Sussex Police and Crime Commissioner and East Sussex Fire Authority, whereas any forecast deficit or surplus relating to business rates is shared between the council, East Sussex Fire Authority and the government.
- 9.5 The council tax collection fund is forecast to be in deficit by £0.869m of which £0.743m is from the deficit brought forward from 2020/21. The impact of Covid-19 was built into the current year's estimate for council tax liability and receipts although the ultimate impacts remain difficult to forecast. The in-year deficit includes a continuing increase in SMI exemptions £0.468m, increased numbers of single person discounts £0.466m, higher than forecast awards of other exemptions (includes patient, probate and students) £0.419m and increases in other discounts totalling £0.070m (includes disregards for students and SMI). Partially offsetting this is lower than anticipated CTR awards £0.784m and increased liability of £0.513m from a combination of banding changes and properties completing earlier than anticipated in the forecast. The council's share of the overall forecast council tax deficit is £0.737m.
- 9.6 At this stage the business rates collection fund is forecasting a small deficit of £0.358m for the council's share assuming that government will cover 75% of the brought forward deficit and allowing for Section 31 compensation grants. There are a range of risks that could change this forecast significantly with the main uncertain factors being business failures and any step increase in empty properties.

### **Reserves, Budget Transfers and Commitments**

- 9.7 The creation of reserves, the approval of budget transfers (virements) of over £0.250m, and agreement to new financial commitments of corporate financial significance that are not provided for in the approved budget and policy framework require Policy & Resources Committee approval in accordance with the council's Financial Regulations and Standard Financial Procedures. There are no new reserves or budget transfers requiring approval at this time.

## **10 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 10.1 The provisional outturn position on the General Fund is an overspend of £4.159m. This includes a forecast underspend of £0.843m on the council's share of the NHS managed Section 75 services. However, it should be noted that the accuracy of forecasts at this time remains challenging, particularly given the very wide range of variables and factors driven by the ongoing pandemic. The recovery of Parking Incomes will clearly be an area to monitor closely alongside ongoing pressures on Homelessness services.
- 10.2 The committee are advised that there are no set aside financial risk provisions available to mitigate the position. However, the council retains a £9m Working Balance which is its key risk reserve.

## **11 COMMUNITY ENGAGEMENT & CONSULTATION**

- 11.1 No specific consultation has been undertaken in relation to this report.

## 12 CONCLUSION AND COMMENTS OF THE CHIEF FINANCE OFFICER (S151 OFFICER)

- 12.1 The forecast risk at Month 5 represents 2.1% of the net General Fund. This mid-year forecast indicates a number of demand and cost pressures alongside income pressures, the majority of which are driven by the ongoing pandemic. All directorates and services will continue to do everything possible to mitigate the position as far as they are able through the development of financial recovery plans and actions. However, the level of spending on homelessness and rough sleeping is a concern and needs close monitoring. While Contain Outbreak Management Funds can be deployed to mitigate some costs this year, unless the underlying demand is addressed or the Spending Review provides additional funding, current spending levels will substantially increase the estimated budget gap in 2022/23.

## 13 FINANCIAL AND OTHER IMPLICATIONS

### Financial Implications:

- 13.1 The financial implications are covered in the main body of the report. Financial performance is kept under review on a monthly basis by the Executive Leadership Team and the management and treatment of forecast risks is considered by the Audit & Standards Committee as part of its review of strategic risks.

*Finance Officer Consulted: Jeff Coates*

*Date: 22nd June 2021*

### Legal Implications:

- 13.2 Decisions taken in relation to the capital and revenue budget must enable the council to observe its legal duty to achieve best value by securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The council must also comply with its general fiduciary duties to its Council Tax payers by acting with financial prudence, and bear in mind the reserve powers of the Secretary of State under the Local Government Act 1999 to limit Council Tax & precepts.

*Lawyer Consulted: Elizabeth Culbert*

*Date: 22<sup>nd</sup> September 2021*

### Equalities Implications:

- 13.3 There are no direct equalities implications arising from this report.

### Sustainability Implications:

- 13.4 Although there are no direct sustainability implications arising from this report, the council's financial position is an important aspect of its ability to meet council priorities. In addition, the council's response to managing the impact of the pandemic, in lieu of further government funding announcements, will be important to demonstrate that in a worst case scenario, it has plans to manage the financial impact and avoid financial collapse.

### Risk and Opportunity Management Implications:

- 13.5 The council's revenue budget and Medium Term Financial Strategy contain risk provisions to accommodate emergency spending, even out cash flow movements and/or meet exceptional items. The council maintains a recommended minimum working balance of £9.000m to mitigate these risks. The council also maintains other general and earmarked reserves and contingencies to cover specific project or contractual risks and commitments. However, current reserves and balances were not set at a level to manage financial shocks of the scale of the pandemic and any depletion of reserves and balances to manage this position will normally require a plan for replenishment in future years.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Financial Dashboard Summary
2. Revenue Budget Movement Since Month 2
3. Revenue Budget RAG Rating
4. Revenue Budget Performance
5. Summary of 2021/22 Savings Progress
6. Capital Programme Performance
7. New Capital Schemes

### **Documents in Members' Rooms:**

None.

### **Background Documents**

None.

