

Report to	Cabinet
Date of meeting	23 rd March 2021
Lead Member / Officer	Julian Thompson Hill
Report author	Steve Gadd, Head of Finance and Property
Title	Finance Report (February 2020/21)

1. What is the report about?

The report gives details of the council's revenue budget and savings as agreed for 2020/21. The report also provides a summary update of the Capital Plan as well as the Housing Revenue Account and Housing Capital Plan.

2. What is the reason for making this report?

The purpose of the report is to provide an update on the council's current financial position and confirm the agreed service budgets for 2020/21.

3. What are the Recommendations?

3.1 Members note the budgets set for 2020/21 and progress against the agreed strategy.

4. Report details

The report provides a summary of the council's revenue budget for 2020/21 detailed in Appendix 1. The council's net revenue budget is £208.302m (£198.538m in 19/20). The position on service and corporate budgets is a forecast underspend of £0.718m (overspend of £1.759m last month). The movement from last month largely reflects the application of Q3 loss of income grant and additional Covid related grant funding received from Welsh Government. Narrative around the current risks and assumptions underlying this assessment are outlined in Section 6 and Appendix 2.

The 2020/21 budget required service savings and efficiencies of £4.448m to be identified and agreed as detailed below:

- Corporate savings identified relating to the triennial actuarial review of the Clwyd Pension Fund (£2m)
- Schools savings of 1% (£0.692m)
- Service efficiencies and savings (£1.756m)

The corporate savings have already been achieved and the schools' savings are delegated to the governing bodies to monitor and deliver. On top of this £1.086m of the service savings had originally been designated as savings that have already been implemented.

5. How does the decision contribute to the Corporate Priorities?

Effective management of the council's revenue and capital budgets and delivery of the agreed budget strategy underpins activity in all areas, including corporate priorities.

6. What will it cost and how will it affect other services?

Significant service narratives explaining variances and risks are detailed in Appendix 2, however the following should also be noted:

Impact of Corona Virus - The strategy of working in partnership with Welsh Government has helped secure significant funding that has been detailed in previous reports. A system of monthly expenditure claims and quarterly income loss claims has been established. Further recent funding announcements should ensure that Covid pressures in 2020/21 are covered, while also indicating that funding will continue to be available, if required, at least for the first 6 months of next year.

The table below summarises the position of the expenditure claims for DCC. The 'Holding' column indicates items that WG are requesting further information on:

Month	Original total claim	Disallowed	FSM adjustment	Holding	Pending	Net Claim paid to date
March 2020	£61,701	£0	£0			£61,701
April 2020	£666,927	(£8,865)	£0			£658,062
May 2020	£1,200,170	(£21,076)	(£190,316)			£988,778
June 2020	£1,027,489	(£29,226)	(£158,614)			£839,649
July 2020	£608,569	0	(£248,013)			£360,556
August 2020	£449,370		£433,376			£882,746
September 2020	£753,407	(£33,248)				£720,159
October 2020	£616,750	(£51,638)				£565,112
November 2020	£820,502	(£6,300)		(£51,911)		£762,291
December 2020	£522,421			(£154,495)		£367,926
Submitted to date	£6,727,306	(£150,353)	(£163,567)	(£206,406)	£0	£6,206,980
January 2021	£1,093,644				(£1,093,644)	
Grand Total	£7,820,950	(£150,353)	(£163,567)	(£206,406)	(£1,093,644)	£6,206,980

The table below summarises the position relating to the quarterly income loss claims:

Quarter	Agreed adjusted total claim	Disallowed (Cefndy)	Holding	Disallowed (HRA)	Adjusted Net Claim	Paid by WG
Loss of income Qtr 1	£3,560,772	(£74,999)	(£36,190)	(£131,960)	£3,317,623	£3,317,623
Loss of income Qtr 2	£2,930,645	(£74,999)	(£151,344)		£2,704,302	£2,704,302
Loss of income Qtr 3	£2,114,938				£2,114,938	£2,114,938
Loss of income Qtr 4						
Grand Total	£8,606,355	(£149,998)	(£187,534)	(£131,960)	£8,136,863	£8,136,863

The tables above illustrate that so far Welsh Government have paid a total of £14.344m. If the January's claim is paid in full this would rise to £15.438m.

Corporate Budgets – This is now showing an underspend of £1.867m. As reported last month recent WG announcements indicate that funding will be forthcoming to offset the full year impact of Covid on the Council Tax Yield and the Council Tax Reduction Scheme which we hoped would allow for the release of the remaining contingency to help offset service overspends. This is now reflected in the monitoring which accounts for £204k. However, the majority of the movement relates to a new allocation of funding (£1.663m) received from Welsh Government which recognises the pressures of reacting to Covid on the Council as a whole. The funding has been allocated on the same formula as used to allocate the Revenue Support Grant, and similar to that grant, the funding is 'unhypothicated'. This means that the Council can make local decisions about the use of the funding. It is hoped that the funding can be applied in year to help cover any overspends not directly covered by other WG Covid Grants. It is recommended that any

overall underspend by the Council, taking into account service requests to carry forward specific service underspends, is placed in the Budget Mitigation Reserve to help the continued response to Covid and the budget process for 2022/23.

Schools - The budget agreed by Council for 2020/21 included a total net additional investment (excluding increases in Welsh Government grants) in schools delegated budgets of just over £2.9m. The latest projection for school balances to be carried forward into 2021/22 is a net credit balance of £0.578m, which represents a movement of £1.966m on the deficit balances brought forward into 2020/21 of £1.388m. The improvement from the projected position last month largely relates to the ongoing impact of Covid along with the receipt of additional Covid grants. The recent announcement around catch-up funding (£1.1m) is not reflected in these figures which are therefore likely to improve further by year-end. There is a small overspend of £28k on non-delegated budgets.

The Housing Revenue Account (HRA). The latest revenue position assumes a decrease in balances at year end of £931k which is £718k more than the budgeted decrease of £213k due to the revised plan to increase the revenue contribution to capital. HRA balances are therefore forecast to be £1.736m at the end of the year. The Capital budget of £19.2m is largely allocated between planned improvements to existing housings stock (£5.3m) and new build developments and acquisitions (£13.8m). The pandemic has had an impact on delivering a number of these schemes and it is expected that £6.1m will be carried forward into next financial year in order to complete the programme of work next financial year.

Treasury Management – At the end of February, the council's borrowing totalled £239.2m at an average rate of 3.89%. Investment balances were £5.6m at an average rate of 0.01%.

A summary of the council's **Capital Plan** is enclosed as Appendix 3. The approved capital plan is £42.35m with expenditure to date of £29.54m. Appendix 4 provides an update on the major projects included in the overall Capital Plan.

7. What are the main conclusions of the Well-being Impact Assessment?

A Well-being Impact Assessments for the Council Tax rise was presented to Council on 21 January.

8. What consultations have been carried out with Scrutiny and others?

In addition to regular reports to the Corporate Governance Committee, the budget process has been considered by CET, SLT, Cabinet Briefing and Council Briefing meetings. The School Budget Forum have been included in the proposals through-out the year. Trade Unions have been consulted through Local Joint Consultative Committee. This year also saw an engagement exercise with the public using social media, the experience of which will be built on in future years.

9. Chief Finance Officer Statement

Obviously the core focus at the moment is the financial response and recovery in recovery in relation to the Covid 19 pandemic. The regular Finance Cabinet Report will continue to keep members up to date and regular updates will continue to be provided to informal Cabinet.

10. What risks are there and is there anything we can do to reduce them?

This is obviously the most challenging financial period DCC has faced. The Financial Strategy agreed by Cabinet in May aims to mitigate the following key risks:

- Failure to have a robust funding strategy could impact on the financial stability and sustainability of the Council.
- Impact on ability for the Council to deliver core services.
- Impact on capacity of the Council to achieve its priorities.

11. Power to make the decision

Local authorities are required under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs.