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| Report to | Cabinet |
| Date of meeting | 27 th July 2021 |
| Lead Member / Officer | Julian Thompson Hill |
| Report author | Steve Gadd, Head of Finance and Property |
| Title | Finance Report (June 2021/22) |

1. What is the report about?

The report gives details of the council's revenue budget and savings as agreed for 2021/22. 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 2021/22.

3. What are the Recommendations?

3.1 Members note the budgets set for 2021/22 and progress against the agreed strategy.

4. Report details

The report provides a summary of the council's revenue budget for 2021/22 detailed in Appendix 1. The council's net revenue budget is £216.818m (£208.302m in 20/21). The position on service and corporate budgets is a forecast overspend of £0.748m (£0.708m overspend last month). Narrative around the current risks and assumptions underlying this assessment are outlined in Section 6.

The 2021/22 budget required service savings and efficiencies of £4.448m to be identified and agreed as detailed below:

- Fees and Charges inflated in line with agreed Fees and Charges policy (£0.462m).
- Operational efficiencies (£690k) mostly identified by services throughout the year and within Head Service delegated responsibility in consultation with Lead Members.
- Savings of £0.781m have also been identified which change service provision in some way and which were shared in detail with Cabinet and Council in the December briefings.
- 1% (£0.733m) Schools efficiency target from Schools Delegated Budgets.

The operational savings and fees and charges increases are assumed to have been achieved and the schools' savings are delegated to the governing bodies to monitor and deliver.

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:

6.1 Impact of Corona Virus - The strategy of working in partnership with Welsh Government helped secure over £23m direct financial help last year. Further recent funding announcements should ensure that Covid pressures for the first six months of 2021/22 are covered. It has been confirmed that the system of monthly expenditure claims and quarterly income loss claims will continue. So far two expenditure claims for April and May have been submitted amounting to £581k.

6.2 Corporate Budgets – Although currently projected to break even the following risks are difficult to quantify at this early stage of the year:

- Ongoing impact of Covid on the Council Tax Yield
- Ongoing impact on the Council Tax Reduction Scheme
- Pay settlements for 2021/22

These will be monitored closely over the coming months.

6.3 Schools - The budget agreed by Council for 2021/22 included a total net additional investment (excluding increases in Welsh Government grants) in schools delegated budgets of just over £2.5m. The latest projection for school balances to be carried forward into 2022/23 is a net credit balance of £3.487m, which represents a decrease of £2.183m on the balances brought forward into 2021/22 of £5.670m. There is a small underspend of £124k on non-delegated budgets. The movement is expected as highlighted last month and in the Final Outturn Report, as the movement last year largely related to the receipt of one-off funding and, in particular, a number of large grants that were received at the end of March. The grants are now projected to be spent this financial year on the catch-up and Covid recovery programme in schools.

6.4 The Housing Revenue Account (HRA). The latest revenue position assumes a decrease in balances at year end of £1.168m, which is £0.515m more than the £653k at the time the budget was approved. The movement relates to a planned increase in revenue contribution to the Capital budget. HRA balances are therefore forecast to be £1.588m at the end of the year. The Capital budget of £20.7m is largely allocated between planned improvements to existing housing stock (£6.7m) and new build developments and acquisitions (£14m).

6.5 Treasury Management – At the end of June, the council's borrowing totalled £233.7m at an average rate of 3.96%. Investment balances were £20.1m at an average rate of 0.01%.

6.6 A summary of the council's **Capital Plan** is enclosed as Appendix 3. The approved capital plan is £52.85m with expenditure to date of £4.79m. 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 26 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 SLT, Cabinet Briefing, Group Leaders 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. The Covid pandemic did impact on the level of consultation and engagement with the public, however plans are in place to engage early with all stakeholders during the budget process for 2022/23.

9. Chief Finance Officer Statement

It is welcome that we enter this financial year in a lot better position than we feared thanks to the partnership approach of working with Welsh Government and it should be remembered that DCC received over £23m from WG for direct financial help for the Council. It is hoped the additional help identified for the first 6 months of 2021/22 will ensure that the Council can start planning positively for the future. Early monitoring is showing pressures in the usual areas of Homelessness and Childrens' Services. Significant investment has gone into these areas in recent years and it is expected that that need will continue. Initial pressures have already been included in the Medium Term Financial Plan and these will be kept under review.

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

This remains a challenging financial period and there is still uncertainty around the ongoing impact of Covid 19, Brexit and the financial strategy of the UK government in dealing with the long term financial impact on the public finances of the Covid response. Although the financial outlook looks uncertain, our finances are in a healthy position and a

robust 3/5 year budget process has recently been approved by SLT, CET, Cabinet and scrutinised by the Governance and Audit Committee.

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.