

Report to	Cabinet
Date of meeting	12 th April 2022
Lead Member / Officer	Julian Thompson Hill
Report author	Steve Gadd, Head of Finance and Property
Title	Finance Report (March 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 underspend of £0.386m (£1.553m overspend last month). Narrative around the current risks and assumptions underlying this assessment are outlined in Section 6.

During March Welsh Government also announced a one-off increase in Revenue Support Grant for 2021/22 of £60m (DCC share is £1.994m). Although technically unhypothecated WG have requested that £10m (£0.332m for DCC) be used to fund improvements to the travel arrangements for care workers, including electric vehicles. DCC's share will be placed in a specific reserve for this purpose. The remaining amount of £1.662m will be placed in the Budget Mitigation Reserve in order to help the Council deal with inflationary pressures. We are currently working through the technical accounting arrangements for this funding which will be shown in the Final Outturn Report.

The 2021/22 budget required service savings and efficiencies of £2.666m 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 continues to ensure significant grant funding to help with Covid related pressures. So far eleven expenditure claims for April to February have been submitted amounting to £9.5m. Three income claims amounting to £3.6m for quarters 1, 2 and 3 have also been submitted. Income claims have started to reduce as the wider Covid restrictions have reduced.

6.2 Corporate Budgets – Following the approval of the pay settlement for 2021/22, which was in line with the last employer pay offer, a budget transfer to services of £0.940m has been released from contingencies to fund the costs. This left a contingency of £0.792m which has now been released. This funding should pay for service overspends which would allow Cabinet to consider approving the carry forward of service underspends. The position will be confirmed with details of requests in the Final Outturn Report.

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 £6.963m, which represents an increase of £1.293m on the balances brought forward into 2021/22 of £5.670m. There is a small underspend of £120k on non-delegated budgets.

6.4 The Housing Revenue Account (HRA). The latest revenue position assumes a decrease in balances at year end of £1.593m, which is £0.940m more than the £653k at the time the budget was approved. The Capital programme for 2021/22 currently stands at £22.7m is largely allocated between planned improvements to existing housing stock (£11m) and new build developments and acquisitions (£12m).

6.5 Treasury Management – At the 28th March, the council's borrowing totalled £234.706m at an average rate of 3.77%. Investment balances were £33.9m at an average rate of 0.46%.

6.6 A summary of the council's **Capital Plan** is enclosed as Appendix 3. The approved capital plan is £34.74m with expenditure to date of £30.01m. 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

Although we have again see significant late grants announced by WG, the underlying monitoring continues to show pressures in the usual areas of Homelessness, School Transport and Children's Services. Significant investment has gone into these areas in recent years and it is expected that that need will continue. Pressures in these areas have been reflected in the Budget for 2022/23.

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.