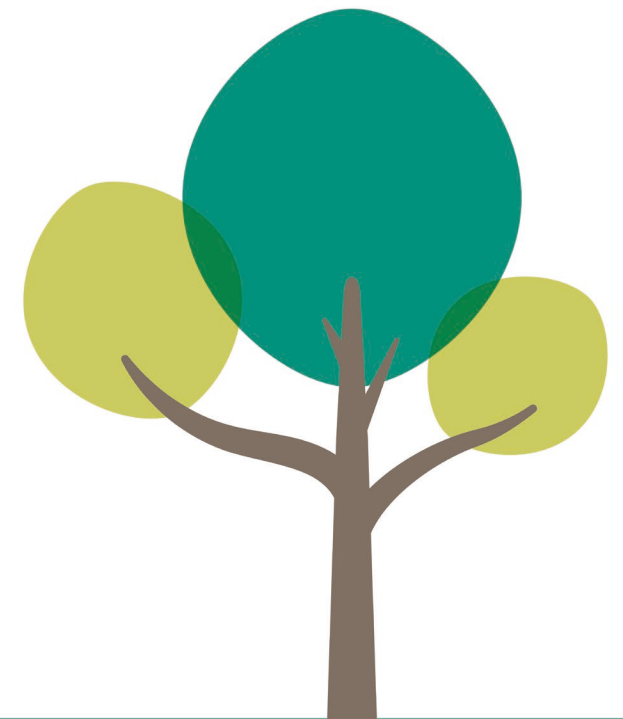
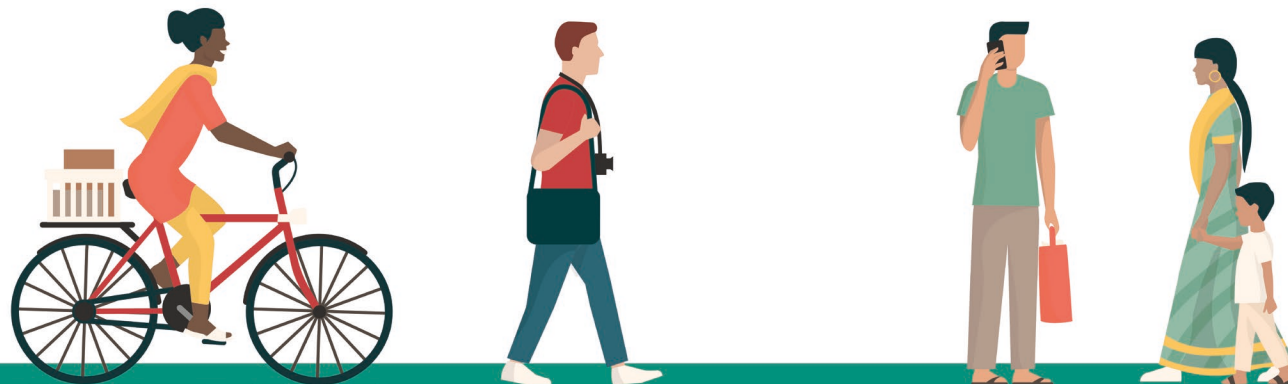


Budget & Corporate Scrutiny Management Board

Finance Update

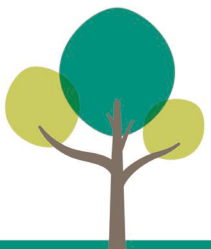
7th July 2020

Rebecca Maher, Head of Finance



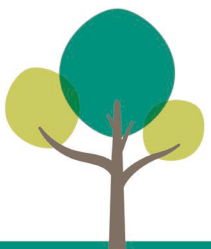
Areas to be covered

- Estimated Financial Position 2020/21
- Covid-19 Related Pressures
- Other Budget Pressures/Non-Delivery of Savings
- Government Announcement – Funding Package
- Next Steps/Actions



Estimated Financial Position 2020/21 – 1 Summary

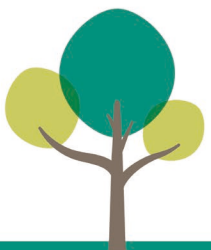
	£000
Covid Related Pressures	18,442
Business Rates & Council Tax Shortfall (Reduces 2021/22 Budget)	5,500
Total Covid Related Pressures	23,942
Covid Emergency Funding	21,578
Covid Related Overspend	2,364
Other Budget Pressures/Non-Delivery of Planned Savings	7,043
Total Estimated Overspend 2020/21	9,408
Free Balances 2019/20	11,470
Estimated Free Balances 2020/21	2,062



Estimated Financial Position 2020/21 – 2

Main Budget Pressures

Directorate	Area	£000
Central Items	Savings Target	425
Central Items	Housing Benefits	500
Resources	Printing Income (Covid Related)	900
Resources	Technology Modernisation Programme	540
Childrens	SEND Transport	3,000
Childrens	Residential Centre Income (Covid Related)	960
Neighbourhoods	PMA	1,200
Neighbourhoods	High Priority Infrastructure Maintenance	770
Neighbourhoods	Various Income Pressures (Covid Related)	900
All	Business Rates & Council Tax (likely to be Covid Related)	5,500

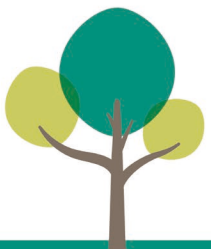


Estimated Financial Position 2020/21 – 3 Free Balances

- Free Balances 2019/20 £11.470m – within prudent level per policy (3%-5% of net expenditure budget).
- Estimated Free Balances 2020/21 would equate to only 1% so well below this level.

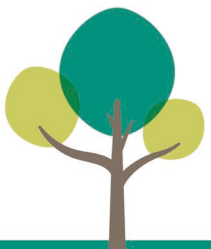
BUT THE FOLLOWING WILL ALTER THIS POSITION.....

- Government announcement – further information later on.
- Quarter 1 monitoring in process of being completed.
- MHCLG Assumptions – return to ‘normality’ end of July.



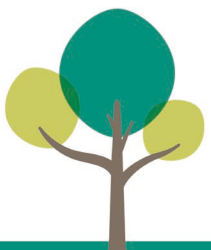
Covid Related Pressures

- Latest version of MHCLG return submitted 19 June 2020.
- £29.178m pressures for period to end of July 2020 but revised assumptions mean these can be reduced to **£23.942m**.
- Only covers period to end of July 2020 with exception of Business Rates and Council Tax – full year impact of these included.
- Main areas of pressure: -
 - Adult Social Care
 - Temporary Mortuary
 - Business Rates & Council Tax
 - Other loss of income – Car Parking, Commercial Rent, Residential Centres
 - Non-delivery of planned savings



Other Budget Pressures/Non-Delivery of Savings

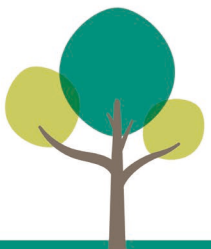
- Existing MTFS includes planned savings that directorates were due to deliver during 2020/21.
- Covid has meant that resources have been diverted away from these.
- Also, budget pressures that needed to be addressed on which work has also been delayed.
- Some of these have been included in the Covid related pressures detailed in the previous section.
- Additional pressures/non-delivery of savings amount to **£7.043m**.



Government Announcement – Funding Package

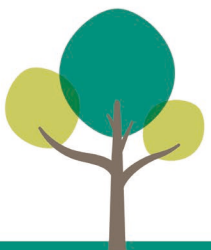
2nd July 2020

- £500m further emergency funding – allocation basis still to be announced. Previous allocations were: -
 - £1.600bn – Sandwell allocation £12.494m; £1.594bn – Sandwell allocation £9.083m
 - This allocation will therefore be significantly less – based on last allocation basis £2.8m
- Reimbursement of lost income from sales, fees and charges
 - Where losses are more than 5% of planned income, government will reimburse 75p in every pound
- Collection Fund deficit (Business Rates/Council Tax) can be spread across three years instead of one
 - But what about setting budget for 2021/22 when we know Business Rates and Council Tax income will be less?
- This will change financial projections but unsure how until further guidance is received and details of allocation of £500m.



Next Steps/Actions - 1

- Directors & Service Managers to identify service reset and recovery timetable and to work with their Finance Team to assess the financial implications for the full financial year.
- Directors and Service Managers to work closely with Principal Accountants to produce quarter 1 monitoring and identify: -
 - Accurate level of budget pressures and how much of these can be addressed.
 - New savings/underspends that can be used to offset budget pressures.
 - Level of planned savings that can be delivered.
- Assumptions used in the 2021/22 and 2022/23 budget to be revisited and revised where appropriate together with identifying the level of budget pressures for those years and potential mitigations.



Next Steps/Actions - 2

- Projection for financial year to be updated following announcements from MHCLG at the end of June/beginning of July and above work.
- Way forward to be agreed at Reset and Recovery Board about: -
 - Non-essential expenditure in the current financial year
 - Level of savings required for 2021/22 and 2022/23
 - Reserves policy and whether the Council is prepared to be less prudent on this

