

Item 5.1

Financial Resilience Update Governance & Audit Committee

15th March 2022



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COVID19 – Current Year Context and WG Support

- The COVID-19 pandemic has had significant financial implications for the Council - additional costs and loss of income.
- During 2020/21, the Welsh Government put in place a COVID-19 Hardship Fund to support Local Authorities in managing additional costs and income loss directly resulting from the pandemic.
- The table below summarises the level of support the Council has required from the Fund to date.

	Additional Expenditure £000	Income Loss £000	Total £000
2020/21	47,704	38,155	85,859
2021/22 (M1-9)	21,235	12,955	34,190
TOTAL	68,939	51,110	120,049

** Including sums pending approval*

- The fund has been extended until the end of the 2021/22 financial year, but will not be in place during 2022/23.
- This represents a significant financial risk to the Council and the 2022/23 Budget will need to be sufficiently robust to ensure that the Council can continue to cope with COVID-10 related financial pressures.



Month 9 2021/22 Position

- Month 9 Monitoring Report considered by Cabinet 24th February 2022
- Projected Overspend £0.101M
 - £2.701M Directorate overspend, Capital Financing £0.400M overspend, offset by £3.000M contingency budget
 - Improved position from Month 6 and expected to improve further at year end
- Variance of £26.402M reported in capital programme (mainly slippage)



Revenue Budget 2022/23 (Council approval 3rd March 2022)

Resources Required	£000	Notes
Base Budget Brought Forward	686,734	
Employee Costs	6,034	Assumed 3% NJC award, VLW
Price Inflation	10,664	Commissioned Care including RLW impact, Energy, Out of County Education, ICT
Financial Pressures	4,413	Social Services staffing, support for organisational change, committee services & elections
COVID Recovery Budget	10,000	No Hardship Fund Support in 2022/23
Policy Growth	5,500	Young People, Community Improvement, Cleaner Streets, One Planet and City recovery / infrastructure
Commitments, Realignment & Capital Financing	10,471	£3.338m Capital Financing, Realignment & Commitments
Demographic Pressures	8,318	Adult Services, Children's Services, School Transport, Waste Streams
Schools Growth	9,309	Employee costs & changes in pupil numbers
Savings	(7,708)	Efficiency, Corporate savings
Total Resources Required	743,735	
Resources Available	£000	
AEF	(544,715)	Per Provisional Settlement (<u>note £11k increase at Final</u>)
Council Tax	(199,020)	2022/23 tax base and 1.9% rate increase
Total Resources Available	(743,735)	



Capital Investment Programme 2022/23 – 2026/27 (Council approval 3rd March 2022)

Capital Programme Expenditure	2022/23 Including Slippage £000	Indicative 2023/24 £000	Indicative 2024/25 £000	Indicative 2025/26 £000	Indicative 2026/27 £000	Total £000
Annual Sums	24,275	26,500	23,515	22,915	19,715	116,920
Ongoing Schemes	45,216	32,712	20,981	20,050	6,336	125,295
New Schemes / Additional Annual Sums	125	175	100	250	225	875
Schemes funded by Grants and Contributions (Further grants subject to approval of bids)	55,554	43,916	77,590	34,701	664	212,425
Invest to Save	63,601	158,922	90,270	10,500	12,240	335,533
Total General Fund	188,771	262,225	212,456	88,416	39,180	791,048
Public Housing	74,610	111,250	106,135	69,605	53,700	415,300
Total Capital Programme Expenditure	263,381	373,475	318,591	158,021	92,880	1,206,348



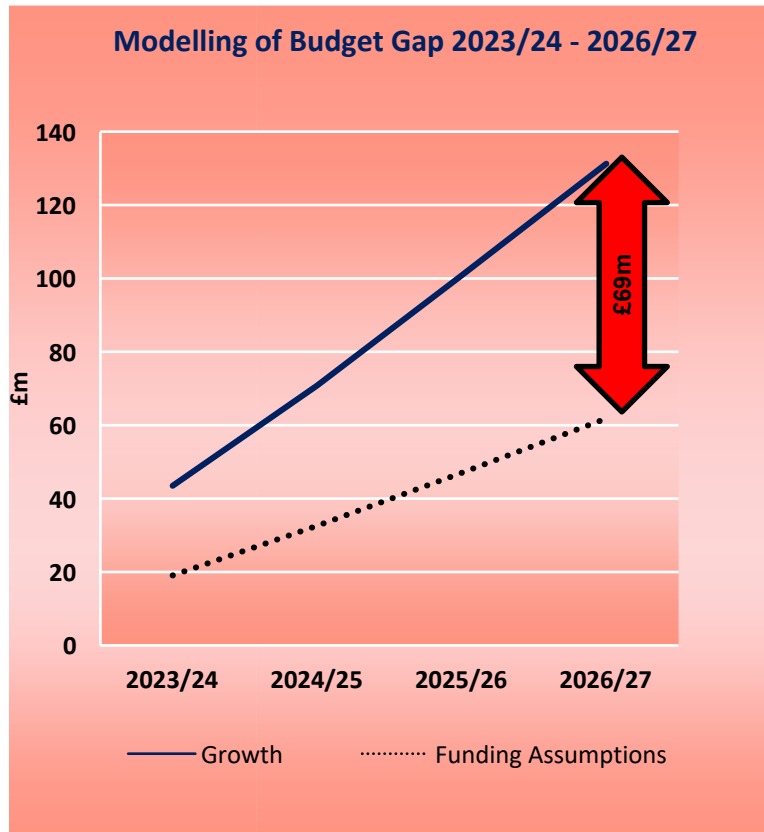
Capital Programme Funding

Capital Funding 2022/23 - 2026/27

	<u>2022/23</u>	<u>Indicative</u>	<u>Indicative</u>	<u>Indicative</u>	<u>Indicative</u>	<u>Total</u>	
	<u>£000</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>£000</u>	<u>%</u>
		<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>		
General Fund							
WG Unhypothesized Supported Borrowing	(8,901)	(10,630)	(10,630)	(8,901)	(8,901)	(47,963)	6.1
WG General Capital Grant	(6,135)	(7,326)	(7,326)	(6,135)	(6,135)	(33,057)	4.2
Additional Borrowing to balance existing capital programme	(34,953)	(33,901)	(17,690)	(25,719)	(10,805)	(123,068)	15.6
Additional Borrowing - Invest to save/earn schemes to be repaid from revenue savings/incidental income or directorate budgets	(63,601)	(158,922)	(90,270)	(10,500)	(12,240)	(335,533)	42.4
Earmarked Capital Receipts	(14,242)	(2,000)	(5,000)	(2,000)	0	(23,242)	2.9
Non Earmarked Capital Receipts assumption	(5,000)	(5,000)	(3,640)	0	0	(13,640)	1.7
Direct Revenue Financing	(210)	(210)	(210)	(210)	(210)	(1,050)	0.1
Earmarked Reserves	(175)	(320)	(100)	(250)	(225)	(1,070)	0.1
External funding estimates and contributions	(55,554)	(43,916)	(77,590)	(34,701)	(664)	(212,425)	26.9
Total General Fund	(188,771)	(262,225)	(212,456)	(88,416)	(39,180)	(791,048)	100.0
Public Housing (HRA)							
Major Repairs Allowance WG Grant	(9,550)	(9,550)	(9,550)	(9,550)	(9,550)	(47,750)	11.5
Additional Borrowing	(44,415)	(81,595)	(81,685)	(46,615)	(39,650)	(293,960)	70.8
Direct Revenue Financing / Earmarked Reserves	(5,500)	(2,400)	(2,400)	(2,400)	(2,400)	(15,100)	3.6
External funding estimates and contributions	(10,545)	(12,705)	(9,000)	(6,040)	(2,100)	(40,390)	9.7
Capital Receipts	(4,600)	(5,000)	(3,500)	(5,000)	0	(18,100)	4.4
Total Public Housing	(74,610)	(111,250)	(106,135)	(69,605)	(53,700)	(415,300)	100.0
Total Capital Programme Resources Required	(263,381)	(373,475)	(318,591)	(158,021)	(92,880)	(1,206,348)	



Medium Term Financial Plan 2023/24 – 2026/27



	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	TOTAL £000
Total Pressures	43,496	27,331	30,260	30,434	131,521
Funding Assumptions	(19,565)	(13,531)	(14,433)	(14,794)	(62,323)
Budget Requirement Reduction	23,931	13,800	15,827	15,640	69,198
Council Tax Assumptions - at 3%	4,931	5,079	5,232	5,388	20,630
Total Savings	19,000	8,721	10,595	10,252	48,568
Budget Requirement Strategy	23,931	13,800	15,827	15,640	69,198

- CTax assumptions are used for modelling purposes only
- Need to continue work on identifying savings and opportunities for transformation beyond the one-year budget cycle



Future Work

- Accounts Closure 2021/22
- Update of MTFP to Council in the Summer
- Budget preparation / review part of a continuous process – not an annual event
- Continued development of closer links between Financial and Performance Management
- Continued focus on the robustness of our financial monitoring and management arrangements

