EXECUTIVE – 07 JULY 2020

REVIEW OF FINANCIAL PERFORMANCE 2019/20

COMMENTS FROM THE OVERVIEW AND SCRUTINY MANAGEMENT BOARD

At a virtual meeting on 2 July 2020, the Overview and Scrutiny Management Board considered the report and agreed to support the recommendations to the Executive.

Members of the Board asked a number of questions, when the following points were confirmed:

- The underspend on the Carers Commissioning Strategy of £0.121m related to 2019/20 and was due to a couple of contracts which needed to be realigned for 2020/21. The contracts had been extended to March 2021 pre Covid-19 but were under review for 2020/21 due to the Covid-19 environment.
- The Chairman of the Adults and Community Wellbeing Scrutiny Committee confirmed that the budget outturn for Adult Care and Community Wellbeing for 2019/20 had been considered at its meeting on 1 July 2020 which raised awareness of the demand and pressures on this service area due to the impact of Covid-19.
- The 'allocation for compensation payment relating to A1073' of £25,000 in the New Development Capital Contingency Fund was due to outstanding recent claims for compensation arising from the impact of the road scheme. It was highlighted that this was the tail end of the claims but they were still included in this contingency fund in the absence of an end date for claims.
- The overspend on the home to school/college transport budget of £2.373m in 2019/20 was due to the impact of rising costs in the market, increased demand of eligible SEND children and legislative changes. It was confirmed that Covid-19 funding has been earmarked to finance the anticipated additional costs for transporting pupils to school. The impact of Covid-19 on the return of schools in September was unknown, and a number of transport scenarios and its financial impact were being worked on. The impact of social distancing and how that was managed would be a challenge, in particular for the transport market in terms of sufficient supply to cater for any social distancing requirements on school transport from the Government.
- The contingency budget had been £3m for a number of years now, and for some years there had been very little call on the budget. For 2020/21, a 2% pay award had been budgeted for, but if the pay award was higher, the contingency budget would be called on to cover the additional cost. It was noted that the whole contingency budget could potentially be used this year. In previous years some services had contingencies within their own budgets but these were all offered up as savings for 2020/21 so there would be more demand on the contingency budget to cover any additional costs. The

contingency budget would cover any significant variances and cost pressures in service area budgets that could not be met within existing budgets, such as by offsetting overspends in one area with underspends from another area, or where the cost pressure was across the Council such as the pay award.

- There had been an underspend on capital financing charges for a number of years. The capital financing budget is always based on the capital programme at the start of the year and the forecast spend required for it. Slippage on the capital programme could then occur due to a number of reasons such as bad weather which results in an underspend. The capital underspend results in a lower financing requirement which then causes an underspend on the revenue capital financing budget. It was highlighted that more internal borrowing in future was being considered so that there would be lower cash balances. The proposed capital financing reserve would ensure any future overspends on the capital financing budget could be met through this reserve.

Page 2