

Agenda Item 7

EXECUTIVE DECISION – 01 MARCH 2022

REVENUE BUDGET MONITORING REPORT 2021/22 - QUARTER 3

COMMENTS FROM THE OVERVIEW AND SCRUTINY MANAGEMENT BOARD

At its meeting on 24 February 2022, the Overview and Scrutiny Management Board considered the report and agreed to support the recommendations to the Executive.

In response to questions from members of the Board, the following points were confirmed:

- The additional £10m for highways maintenance in 2021/22 would not all be spent this year. The expenditure would be spent over a period of about three years on particular initiatives, such as for rural roads, drainage and gully work.
- The £2.3m reserve allocated for Covid-19 was no longer required as some of the grant conditions had been relaxed which allowed for carry forwards of any Covid grants. The impact of Covid-19 had been built into the budget proposals for 2022/23 such as in relation to children in care. Some of the Covid grants related to Adult Care, and the medium term financial plan for Adult Care had identified ongoing costs from Covid-19, such as delays in services such as health checks and additional packages of care, which would be funded by carrying forward some grants such as outbreak management.
- Of the estimated £7.366m underspend, it would be proposed that £900,000 would be transferred to a reserve for domestic abuse activities. With regards to the remainder of the underspend, a proportion would be the automatic 1% carry forward for each directorate which would leave an amount left over that would require a political decision regarding what to use it for based on officer recommendations.
- The general reserve was a legal requirement whereas the financial volatility reserve and other reserves were earmarked reserves at the discretion of the Council. The target range of 2.5% to 3.5% of the annual budget only applied to the general reserve, and therefore the overall percentage of the annual budget for all the reserves was higher. The reserves were for different uses, with the financial volatility reserve used for covering shortfalls and financial uncertainty, but the general reserve would only be used as a last resort. There were a number of financial uncertainties facing the Council such as changes to business rates, adult social care reforms and increasing pressure on adult social care from rising numbers, reduction in highways funding, and tensions in Eastern Europe, and the reserves would enable the Council to manage these financial risks.
- The fair funding review was now expected to start in Spring 2022. It was anticipated that the Council's reserves would not be taken into account during the review. There was a need to ensure there was some cushioning in the budget in case the outcome

from the fair funding review was not favourable to the Council in relation to rurality and deprivation.