CABINET

Report subject	**2020/21 Budget Monitoring & Medium-Term Financial Plan (MTFP) Update**
Meeting date	11 November 2020
Status	Public
Executive summary	This report includes 2020/21 budget monitoring information as at the end of August 2020 and an updated MTFP. The projection for the 2020/21 revenue account is a balanced position after Covid-19 pressures, mitigation action and other budget variances are reflected. The pressures due to the pandemic have grown since the June report, partially offset by further government support announced on 2 July. This includes significant funding to replace a proportion of lost sales, fees and charges. The updated 2020/21 projections for reserve movements, the capital programme and housing revenue account (HRA) are also included. Financial planning is an iterative process with the latest refresh of the MTFP extended to cover the period 2021/22 to 2023/24 included in the report. The plan is based on the most recent information available and a set of assumptions that will need to be refined through the autumn. The current plan is showing a funding gap to close for next year of £13.4 million with the financial strategy setting out the process that the council will now adopt to be able to set a balanced and lawful budget for 2021/22.
Recommendations	**It is RECOMMENDED that:** **Cabinet:** **a) Note the current budget position for 2020/21.** **b) Note progress made in refreshing the MTFP and the key financial planning assumptions as set out in Appendix D2 and D3.** **c) Accept the grant awarded for additional revenue and capital expenditure as set out in paragraph 86.** **d) Approve the financial strategy as referenced in paragraphs 125 to 138 and as set out in Appendix D4** **e) Note the actions of the report and the requests for**

	future reports from both the Corporate Director for Children's and the Chief Executive. **f)** **Request the Corporate Director for Transformation to bring forward a report outlining how £15 million of ongoing Transformation savings will be achieved in 2021/22.** **Council:** **a)** **Request the Audit and Governance Committee to review the financial regulations and consider whether new provisions are required for larger scale budget management actions taken by officers.** **b)** **Approve the revenue and capital virements as set out in paragraphs 32 and 109.**
Reason for recommendations	• To comply with accounting codes of practice and best practice which requires Councils to regularly monitor the annual budget position and have a rolling multi-year MTFP. • To present a proposed financial strategy to support the delivery of a balanced budget for 2020/21. • To ensure the financial regulations remain fit for purpose
Portfolio Holder(s):	Councillor Drew Mellor, Leader, Finance & Transformation
Corporate Director	Graham Farrant, Chief Executive
Report Authors	Adam Richens, Chief Finance Officer and S.151 Officer Adam.richens@bcpcouncil.gov.uk
Wards	Council-wide
Classification	For Decision

Background

1. In February 2020 Council agreed the annual general fund net revenue budget of £283 million, a capital programme of £106 million and the net use of reserves of only £0.5 million. Budgets were also agreed for the housing revenue account (HRA).
2. In June 2020 the first budget monitoring report for 2020/21 considered the estimated impact from the Covid-19 lockdown and assumed recovery period which resulted in a budget gap of £30.3 million. Included in the report was a mitigation strategy to rebalance the budget. This included finding new savings and using earmarked and unearmarked reserves.

3. This second budget monitoring report provides updated annual projections for the 2020/21 revenue account, reserve movements, the capital programme and the HRA.

4. Not yet reflected in the budget monitoring are announcements on 12 October of further emergency funding to support council services over the winter and allocations made from a cold weather fund to support rough sleepers. The detail of the allocations and any specific spending requirements are not yet known.

5. Included in the June Cabinet report was an updated MTFP which reflected the permanent savings for future years identified through the development of the mitigation strategy to rebalance 2020/21. Also reflected was an assumed level of future lost tax revenues from the economic impact of the pandemic. Included in this report is the outcome of the baseline financial assessment undertaken over the summer and a revised set of assumptions for the MTFP covering the years 2021/22 to 2023/24.

Covid-19 budget mitigation strategy 2020/21

6. The 2020/21 budget mitigation strategy for projected Covid-19 revenue pressures was developed by officers in consultation with Cabinet members. The strategy included finding new savings and expediting the transformation and alignment of services. Also included were the potential uses of earmarked and unearmarked reserves and the possibility of refinancing some capital schemes to relieve pressure on the revenue account, if necessary.

7. This strategy recognised the high level of uncertainty that exists regarding the financial impact of the pandemic over the course of the year and the extent of central government support to local councils. It also recognised the difficulty in estimating the scale of income losses so early in the financial year with the expectation that there would likely be new cost pressures as the impact of the pandemic was managed both nationally and locally.

8. All decisions regarding the mitigating actions were made by officers under delegated powers for effective budget management in accordance with the current financial regulations. A report detailing the officer decision-making process was presented to the Audit and Governance Committee in July.

9. The Audit and Governance Committee report makes clear that the budget mitigation strategy was developed and implemented in accordance with the approved financial regulations. These regulations are refined over time as new situations arise. The budget changes made to manage the impact of the pandemic in 2020/21 to balance the overall position could be considered as more fundamental than would normally be envisaged. It is recommended that a review of the financial regulations should take place to consider whether requirements need to vary according to the scale of budget changes being implemented. The Audit and Governance Committee will consider the next evolution of the financial regulations later in the financial year.

Revenue budget monitoring at September 2020/21

10. The projected 2020/21 revenue outturn is for a balanced position, after potentially using £1.9 million of reserves. The inclusion of £12.1 million forecast additional funding from the government to compensate for lost sales, fees and charges has reduced the reliance on the potential use of reserves to balance the position when compared with the June position.

11. Cost pressures from the pandemic have grown since the June report but extra government funding has also been announced. The net budget impact from the pandemic is now estimated at £18.2 million.

12. Budget variances unrelated to the pandemic have emerged since June, with these now included in the projected outturn. A summary of the Covid-19 pressures, mitigation savings and other budget variances are summarised in the table below.

Figure 1: General Fund – Summary projected outturn as at 31 March 2021

June Variances £m		Approved Resource £m	Covid-19 Pressures £m	Mitigation £m	Other Variances £m	Projected Outturn £m	Projected Variance £m
	Service Budgets						
3.8	Adult Social Care & Public Health	111.6	6.4	(4.2)		113.8	2.2
1.0	Children's Services	61.6	5.2	(0.8)	1.1	67.1	5.5
2.4	Environmental & Community	51.5	4.0	(3.0)	0.2	52.7	1.2
17.1	Regeneration & Economy	7.0	22.9	(4.1)	0.2	26.0	19.0
0.9	Resources	32.5	3.0	(1.3)	0.5	34.7	2.2
(0.3)	Furlough of staff			(0.8)		(0.8)	(0.8)
24.9	**Total Service**	**264.2**	**41.5**	**(14.2)**	**2.0**	**293.5**	**29.3**
	Corporate						
2.1	Investment Property Income	(6.6)	2.1			(4.5)	2.1
	Pensions	5.6				5.6	
	Repayment of debt (MRP)	10.6				10.6	
	Corporate Items	1.9			(0.1)	1.8	(0.1)
	Interest on borrowings	1.8			(0.2)	1.6	(0.2)
	Treasury Income	(0.3)			0.1	(0.2)	0.1
(2.5)	Contribution to Capital	2.8		(2.5)		0.3	(2.5)
2.5	Capital Cont to Transformation			2.5		2.5	2.5
(1.2)	Transfer to Reserves	2.0		(1.2)		0.8	(1.2)
1.2	Revenue Cont to Transformation			1.2		1.2	1.2
11.9	Council Tax /NDR		11.9			11.9	11.9
14.0	**Total Corporate**	**17.8**	**14.0**	**0**	**(0.2)**	**31.6**	**13.8**
(22.0)	Covid-19 Grant		**(25.2)**			**(25.2)**	**(25.2)**
	Grant for lost income		**(12.1)**			**(12.1)**	**(12.1)**
16.9	**Total Budget**	**282.0**	**18.2**	**(14.2)**	**1.8**	**287.8**	**5.8**
	Potential funding:						
(1.1)	Contingency	1.1		(1.1)		0	(1.1)
(2.8)	Release from capital projects			(2.8)		(2.8)	(2.8)
(10.7)	Financial resilience reserve			(1.9)		(1.9)	(1.9)
0	**Net Budget**	**283.1**	**18.2**	**(20.0)**	**1.8**	**283.1**	**0**

13. The estimated pressures due to the pandemic have increased from £52.3 million gross of government grant (£30.3 million net) in the June report to £55.5 million gross (£18.2 million net) in September. The £3.2 million increase in gross pressures since June is largely due to children's social care, support for leisure centre and conference centre operators and the cost of safely opening up facilities post lockdown.

14. The above table includes the additional government funding announced on 2 July, being £3.2 million from the emergency fund plus an estimate of £12.1 million to be recovered through a specific grant claims process for a proportion of lost sales, fees and charges.

15. The council will be able to submit three claims during the course of the financial year relating to losses in sales, fees and charges income that is directly related to the pandemic. The council must cover the first 5% of the budgeted amount for these losses, after which the government will compensate for 75% of the remaining loss. The exact amount receivable will not be known until the three payments on account are received and a final reconciliation and verification exercise is carried out by MHCLG after the year end. The forecast at the time of writing this report is based on the estimated loss in sales, fees and charges as reported in the September Covid-19 budget pressure return to MHCLG.

16. Monthly reports are continuing to be submitted to MHCLG, with the pressures shown above in Figure 1 consistent with the September return. The estimates have been updated to include:

    - Reassessment of pandemic costs.
    - Emerging trends post lockdown for income streams.
    - New government legislation.
    - Changes in demand for services.

17. Delivery of the £13.4 million of new service savings identified as part of the mitigation strategy to balance the budget in the June report remains on track.

18. Employees have continued to be furloughed where appropriate although numbers have significantly reduced since the peak in April and May. In total £0.8 million has been claimed in the period to August.

19. A full revenue summary is presented in Appendix A2.

Summary of 2020/21 projected outturn by directorate

20. The following paragraphs summarise the projected 2020/21 budget position for each directorate.

Adult social care net variance £2.2 million

21. The main Covid-19 pressures are support to the care market in the initial part of the financial year of £4.9 million. In May 2020, the government made available £600 million nationally (£6.064 million for BCP) for infection control pressures across the care sector. In addition to this, the government has recently announced a further £546 million for infection control during the winter (estimate £5 million for BCP) to help the care sector restrict the movement of staff between care homes and pay staff full wages if they are self-isolating. The government will also provide the care sector with free PPE.

22. In view of the above announcement, the original Covid-19 pressures have been adjusted in appendix A1 and will be reflected in the next return to MHCLG.

23. Most of the £4.170 million mitigating savings are on course to be delivered as intended. The packages of measures including targeted reviews for people with learning disabilities remains a challenge at this stage.

24. Other movements in the adult social care financial projections include £1.6 million projected pressures in care packages mainly due to additional demand from people with learning disabilities including challenges in the delivery of savings measures and targeted reviews.

25. The projected overspend in care packages is mitigated by additional income from client contributions and deferred payments of £1.7 million which also mitigate other smaller miscellaneous variances.

Children – net variance of £5.5 million

26. The main Covid-19 pressures are support and cost of care placements. The increase from the June position is £3.4 million. There are also pressures resulting from the loss of income on our in-house nurseries and traded income.

27. The care costs are as a result of both significantly increased cost of some placements due to needs but also a recent increase in numbers of children coming into care. There are also pressures in remand/secure beds (placement searches are underway to enable solicitors to secure dates for bail hearing) and a very high cost placement within the children's health & disability team.

28. Permanent savings of £0.237 million are included for staff restructures across the three service areas and commissioning savings of £0.2 million. There are also other various miscellaneous savings of £0.355 million (£0.255 million are permanent and £0.1 million a one year only contribution). Total 20/21 covid mitigation savings of £0.757 million are on course to be delivered.

29. The projected in year overspend in children's is mostly due to staffing.

30. Staffing pressures continuing from the previous financial year include the social work front door team and business support. Additional staffing pressures are being seen in the significantly under pressure SEN team and also the systems team which is part of the wider care together programme.

Environment and community – net variance of £1.2 million

31. The June report identified £5.4 million worth of pressures related to the Covid-19 pandemic. This has now decreased to £4.0 million, in part due to the period for which income will be lost extending to a full year, and also the full year impact of cost. The main impact however is the allocation of £1.885 million of Next Steps Accommodation Programme (NSAP) grant towards the additional costs related to temporary housing. There have been some improvements in income anticipated for green waste, catering and highways maintenance, although there are still pressures in these areas.

32. In accordance with the council's financial regulations the approval of Council is sought to accept the NSAP external funding of £1.885 million and allocate it to funding the additional temporary housing costs.

33. The Covid-19 pressures within housing are due to the measures to reduce homelessness. The decrease compared with the June position is largely due to a local strategic response plan prepared in collaboration with voluntary sector partners and

submitted to MHCLG resulting in the receipt of the NSAP grant, although there has been some increase in costs as a result of continuing to provide services during lockdown (everybody in). A related capital bid has been made to support a more permanent solution to reduce homelessness. Notification of the success of this bid is awaited.

34. The pressures within bereavement relate in the main to the council's share of the cost of providing the Mortality Support Facility at Poole port and in Dorset. There will also be some impact on the coroner's service due to an increase in the number of inquests and the special measures required when carrying out an inquest and the cost of employing agency pathologists.

35. There are also significant pressures within the catering & concessions and parks services as a result of facilities being closed and reduced services. The forecasting of lost income is under constant review and is improving.

36. Waste services continue to be under pressure as a result of the pandemic, the increase from June is mainly down to the full year impact of the loss of income at the Household Waste Recovery Centre sites, although now open for household waste, the commercial element of the service is still closed.

37. Within communities the reason for the increase in pressures relating to covid since June is the full year impact of lost licensing and fixed penalty notice income, plus some additional security costs for the town centre.

38. The review of community budgets for temporary savings due to Covid-19 can provide £0.1 million. Permanent savings relating to service restructures vacant posts and other budget reductions total £0.3 million.

39. Savings within the environment budgets include £0.6 million from the potential to delay to 2021/22 the spend on member priorities relating to climate change, street cleansing, unauthorised encampments and highways maintenance. The review of all other budgets can save £0.8 million. Included are temporary savings to recognise a level of underspending due to Covid-19 and service decisions to reduce grass cutting. Permanent savings are included from increased income from cess pit emptying and bringing forward the early harmonisation of charging polices across the area for replacement bins. Other permanent savings include deleting some vacant posts and rebalancing two collection rounds to improve efficiency

40. The review of housing budgets has provided £1.2 million of savings from temporary reductions in spending due to Covid-19 and suspension for one year of the contribution to the rent deposit bad debt provision. There are also savings from staffing changes and reduced back fill of vacancies, some of which will be permanent.

41. The £0.3 million saving from rebalancing the solar panel budget for HRA stock reflects current activity and will be treated as permanent.

42. A number of small non-covid related pressures have emerged since June, mainly relating to disaggregated recharge budget issues.

Regeneration and economy – net variances of £19.0 million

43. Overall pressures have increased by £1.9 million since the June report.

44. The main Covid-19 pressures in the directorate as identified in the June update continue to be from lost income due to the lockdown period plus a slow recovery, particularly from car parking. Financial support provided to leisure and conference providers is also now a significant pressure for the directorate.

45. The easing of lockdown during the summer enabled some income streams to recover, particularly car parking (£2.0 million) and seafront trading (£1.2 million). However, this required significant investment in the management of the resort (£1.2 million). Extra measures were put in place to help manage social distancing during this period of high demand with additional cleansing, security, communication and support to residents, businesses and visitors.
46. Income levels have been less than anticipated following the reopening of cultural and heritage assets increasing the pressure by £84,000.
47. In meeting its obligations BCP has agreed to provide significant support to our leisure services partners, BH Live and SLM, to help them through the pandemic as well as pressure associated with the 2RM Christchurch leisure centre. This has increased the pressure from £1.4 million to £4.2 million.
48. Car parking income at Upton Country Park has improved due to the new play park attraction and the easing of lockdown enabling it to reopen sooner. This has reduced the pressure by £63,000 to £136,000.
49. New fee income pressures are expected in planning and building control services as the wider economic impact of Covid-19 is manifesting itself. Both planning and building control service have identified further temporary staff and expenditure savings to help mitigate the reduction in income.
50. Major repair work required at the entrance of the Richmond Gardens car park has meant £0.1 million of unbudgeted costs have been incurred creating a further pressure within car parking services.
51. Transport network services have a new pressure relating to the traffic light and signalling contract which is £0.1 million more than budget.
52. All previously reported mitigation savings remain on track as described below.
53. Destination and culture have projected temporary savings arising from the outbreak period at £1.3 million. The cancellation of the air festival has saved £0.3 million and plans for a new outdoor event could provide new income of £0.1 million. The delay until next year of spend on culture as part of Members' priorities will save £0.15 million, with vacant posts and other budgets providing a further £0.1 million.
54. Development have identified £0.3 million in savings from leaving vacancies unfilled and reduced spend as a result of the outbreak, and £0.3 million from delaying Member priorities.
55. Growth & infrastructure are projecting savings from reduced spend as a result of the outbreak of £0.7 million and unfilled vacancies of £0.5 million.

Resources – net variances of £2.2 million

56. The June report identified a net overspend of £2.2 million all in relation to the impact of Covid-19.
57. Since then a further £0.8 million of Covid-19 related pressures has been identified. The biggest increase is the loss of income in relation to council tax and business rates summons income. During lockdown courts were closed and although operating now they have yet to supply any court dates to the council which impedes the process of raising summons to taxpayers. This represents a total pressure of £1.1 million.
58. The loss of income forecasted for the land charges service is expected to be £0.2 million compared to the previous forecast of £0.4 million due to an increase of demand

in the service in the last couple of months. Although the pressure has reduced, the finance team and the service will continue to monitor this closely to ensure this remains a realistic forecast.

59. Additional pressures in the directorate have been identified in relation to salary pressures associated with the replacement of the Director of Children's and ongoing staffing pressures for customer services.

60. The mitigation savings identified in June are largely on track to be delivered.

Central items

61. Council tax and business rates loss of income remains the most significant pressures in year due to the Covid-19 pandemic, totalling £11.9 million. This remains unchanged from the forecast pressure in June. The finance team are monitoring this very closely particularly around the impact of closure of the government furloughing scheme and the job support scheme that replaces it, and what impact this has on any additional uptake to the local council tax support scheme.

62. The council claim to government for furloughing staff will total £0.8 million up to the end of October helping the overall position.

63. Appendix A1 includes the detail of all 2020/21 projected budget variances greater than £100,000.

New administration priorities

64. The clear message from the new administration has been that there are a number of priority areas for investment in year and these are being worked up at pace and will be reported in due course.

Reserves monitoring 2020/21

65. Earmarked reserves have been set aside for specific purposes and these were reconsidered in June in the light of the new financial environment and need to fund the transformation programme which is fundamental to delivering savings at scale.

66. The review recommended that £10.7 million of reserves could be re-designated to support the revenue funding gap (notionally into a new Covid-19 financial resilience earmarked reserve). The review also recommended that £2.3 million of un-earmarked reserves could potentially be required but that these would need to be topped back up in 2021/22 as this utilisation would take them below the minimum recommended prudent level.

67. The updated position is that £1.9 million financial resilience reserves may now be needed in 2020/21. The potential reliance on reserves to balance the budget is reduced due to the additional government funding in relation to compensation for reduced fees and charges income.

68. The recommended strategy concerning the £11.1 million of financial resilience reserves that were earmarked to balance the 2020/21 position but are no longer required, is to utilise these reserves in support of the MTFP.

69. These reserves are not required for their original purpose but will be held as such until it becomes clear that they will not be needed to support the revenue budget this year or next, with no expenditure to be incurred without the approval of the corporate management board. A formal decision regarding these reserves will be made later in the year.

70. Figure 2 below summarises the projected movement in reserves during the current financial year.

Figure 2: Summary of projected movements in reserves

	Balance 1 April 2020	Balance 31 March 2021	Movement
	£m	£m	£m
Earmarked reserves	53.8	27.3	(26.5)
Un-earmarked reserves*	15.4	14.2	(1.2)
Total reserves	**69.2**	**41.5**	**(27.7)**

*These amounts do not include the deficit on the dedicated schools grant

71. The main movement on other earmarked reserves during the year are as follow:

Financial Resilience Reserves

a) £1,948k — **Covid-19 Financial Resilience Reserve**
Draw down to support overall budget position

b) (£2,500k) — **Covid-19 Financial Resilience Reserve**
Contribution from previous voluntary revenue provision as per Covid-19 report in June 2019

Transition and Transformation Reserves

c) £1,364k — **Pay & Reward Strategy**
Full use of reserve to pay for work on pay and reward strategy

d) £425k — **Local Government Reorganisation Costs**
Full use of reserve to pay for remaining LGR costs

e) £947k — **Redundancy Reserve**
Full use of reserve to pay for actual and potential redundancy costs.

Government Grants

a) £11,102k — **Covid-19 Grant Tranche 1**
Full use of Tranche 1 grant received in March 2020 rolled forward

72. Appendix B provides the detail of projected reserve movements for 2020/21

Dedicated Schools Grant (DSG) 2020/21

73. The DSG is allocated within four expenditure blocks for early years, mainstream schools, central council services and high needs. The aim would normally be to set the DSG budget for a balanced position overall.

74. The council is no longer able to add to the DSG from its own resources with the Department for Education (DfE) imposing a limit on how much funding can be transferred away from mainstream schools to support the high needs budget. Consequently, despite initiatives to reduce expenditure, the high needs budget for 2020/21 was set with a shortfall of £6 million compared with funding available from the DSG.

75. This £6 million funding shortfall does include £2.5 million of identified savings from the service including health contribution from joint commissioning, review of EHCP process, early help, review of high cost placements and the impact of creating further additional capacity.

76. The service is scheduled to report progress in reducing the high needs budget at monthly budget overview meetings.

77. There is a surplus in 2020/21 of £1 million from the school's funding block after all mainstream schools have received their full national formula allocations. This balance is being held to offset the shortfall from high needs, reducing the annual budgeted deficit to £5 million.

78. The accumulated deficit at 31 March 2020 was £4.6 million, with the budgeted shortfall increasing this to £9.6 million by 31 March 2021.

79. The current projection for the High Needs Block is for expenditure to be at the budgeted level with the funding shortfall remaining at £6 million. There are small savings projected for other DSG expenditure blocks.

80. Figure 3 below summarises the position regarding the dedicated schools grant.

Figure 3: Summary position for dedicated schools grant

	£m
Accumulated deficit 1 April 2020	**4.6**
Budgeted high needs shortfall 2020/21	6.0
School funding block surplus 2020/21	(1.0)
Savings on other expenditure blocks	(0.3)
Projected deficit 31 March 2021	**9.3**

81. The plan to reduce the growth in the number of EHCP's appears to be on target, and although the average cost of a plan remains above target, progress to reduce is being made.

82. Members are reminded that the council is in dialogue with the DfE in respect of its high needs recovery plan. The first meeting on 24 April 2020 provided an opportunity to discuss the specific circumstances for the council as a result of local government reorganisation and the pattern of school provision locally. The main focus of the discussion concerned the actions currently underway within the council to address the funding shortfall.

83. The plan to reduce revenue expenditure includes building more places across a range of provision but with limited capital resources available. This was acknowledged but all agreed that creating more provision was only part of the solution to the annual funding deficit.

84. Meetings are being arranged at six monthly intervals to enable the DfE to monitor the progress of the action plan and share best practice examples as they emerge elsewhere.

Churchill Gardens ASPIRE building

85. BCP Council have been granted £0.530 million of European Regional Development Funding as part of the ASPIRE project. The project includes replacing the existing café

in Churchill Gardens and running a project to develop a food hub, helping residents who are unemployed and/or overweight to develop skills and confidence taking them closer to the job market. Match funding of £0.238 million was approved by the legacy Bournemouth Borough Council and forms part of the BCP Capital Investment Programme. The total project equates to £0.768 million of which approximately £0.330 million is capital spend.

86. In accordance with the council's financial regulations the approval of Cabinet is sought to accept the external funding of £0.530 million and proceed with the project.

Capital budget monitoring 2020/21

87. The council's budgeted capital investment programme (CIP) covers general fund capital expenditure only. Housing revenue account (HRA) related capital spend is reported separately in this report.

88. Members will note the increase in current forecast spend of £146.7 million in comparison with previous original budget of £105.7m approved by Council in February 2020. Significant changes to original budget are summarised in Figure 4 below:

Figure 4: Amendments to the capital programme

	£m
Original budget 2020/21	**105.7**
Reprofiling of unspent resource from 2019/20	16.5
Transforming Cities Fund	13.2
Additional Pothole Grant	2.9
Challenge Fund Grant (28 September Cabinet)	4.2
Organisation Design	8.8
Children's Capital Projects (including Strategy)	(2.8)
Lansdowne Business District	(3.7)
Towns Fund Grant	1.0
Various others	0.9
Forecast as at 31 August 2020	**146.7**

89. Figure 5 below compares actual spend to 31 August 2020 with original budget and latest forecast. At £13.1 million, this represents 9% of latest full year forecast. Members are reminded that, in an average financial year, the council would normally expect to have spent around 10% of full year forecast by the end of June. The comparative pace of capital expenditure in 2020/21, however, reflects the ongoing impact of Covid-19 on delivery of capital projects, as well as the extent of high value government grant awards only recently confirmed.

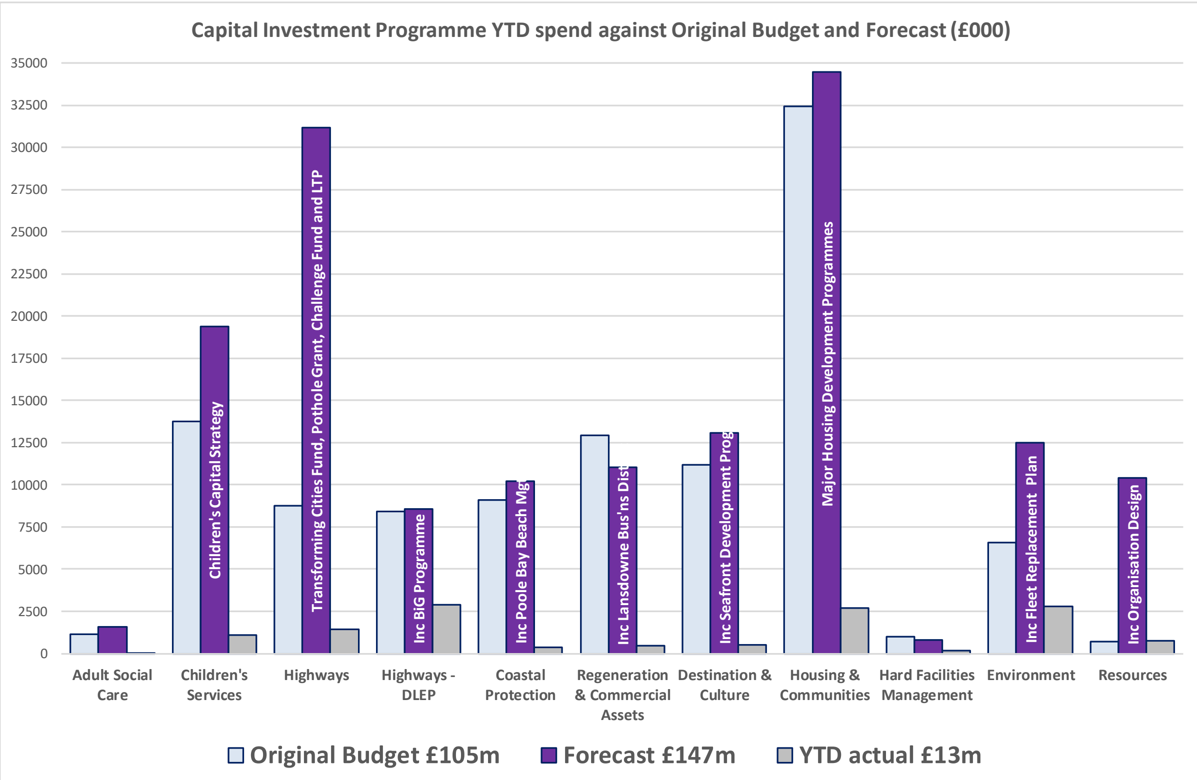
90. It is likely that significant reprofiling of current forecast spend will be required in the next quarter's budget monitoring report. In considering this, the council is mindful of the requirement to spend specific capital grants by 31 March 2021, including:

- Dorset Local Enterprise Partnership (DLEP) £14.5 million capital spend must be incurred between 1 September 2020 and 31 March 2021 (including £1.2 million to be spent by 28 February 2021). Given the financial and reputational risks associated with this as the council nears the spend deadline, these projects will be monitored on a monthly basis by the council's capital & transformation board.

- Department for Transport (DfT) £4.2 million Challenge Fund – there is an expectation that this will be spent or committed by 31 March 2021.
- Department for Transport (DfT) £0.3 million Emergency Active Travel Fund Part I – must be spent within 8 weeks of grant receipt (this has now been achieved)
- Ministry for Housing, Communities and Local Government (MHCLG) £1.0m Towns Fund grant awarded 25 September 2020, to be spent on Boscombe regeneration by 31 March 2021.

91. Members are also asked to note that, in addition to the above, in August / September, the council submitted new grant bids for DLEP funding at a combined value of £3.6 million as well as £1.6 million DfT Emergency Active Travel Fund Part II funding. If the bids are successful (and Council formally approves their acceptance), the CIP would be further increased by £5. 2million – all of which must be spent by 31 March 2021.

Figure 5: Capital investment programme spend



Progress on significant capital projects

92. **Adults social care** – capital budget includes completion and roll-out of integrated case management system and annual investment in integrated care equipment store (ICES), both of which are still planned to be spent by 31 March 2021.

93. **Children's services** – In line with the children's capital strategy, investment in SEND capital projects is progressing at pace. This is expected to help mitigate demand driven revenue pressures in the high needs block. Hillbourne new school building progressed

to contract award in August 2020. Carter school works are also progressing to schedule and are currently expected to complete within budget.

94. **Highways** - Over 20% of the CIP consists of highways capital projects. This reflects an ambitious strategic programme of capital investment across the conurbation that is funded predominantly from external capital grants. Given the value and profile of this programme of works, they are the subject of separate service unit led Member reports.

95. **Highways – DLEP** - Completed works include Cooper Dean and Blackwater West. Remainder of spend is on course for completion by March 2021 and will be subject to separate scrutiny by the capital & transformation board. The Wallisdown Crossroads project (funded from the National Productivity Investment Fund) is also progressing to schedule.

96. **Coastal protection** – contracts recently awarded for both the timber groyne and beach re-nourishment elements of the Poole Bay beach management programme. As a result, beach re-nourishment, using around 350,000 cubic metres of select fill, will be undertaken at specific locations.

97. **Regeneration** – the majority of budgeted capital spend this year relates to Lansdowne Business District and 5G digital connectivity and infrastructure. Council originally approved a £4.1 million reduction in the value of this programme. This has subsequently been revised to a £3.7 million reduction in value. A revised programme of works has subsequently been developed that will continue to deliver public realm improvements on Holdenhurst Road and 5G digital connectivity and infrastructure as planned. Revisions to original plans include refocussing of Lansdowne roundabout and Lansdowne Road (south) works to cycle and pedestrian priority. Planned works at Madeira Road roundabout are no longer part of the 2020/21 delivery phase of works. The council's capital & transformation board will monitor delivery of Lansdowne Business District programme monthly from October 2020.

98. **Destination & culture –** Delivery of the council's seafront development programme continues. Contract has been awarded for Canford Cliffs stabilisation, and work is nearing completion on Coastal Community Fund funded public realm improvements across the seafront. The impact of Covid-19 on the financial viability and deliverability of newer projects within the seafront development programme will continue to be reviewed by the council's seafront development board.

99. **Housing –** The council completed its acquisition of Holes Bay land (former Power Station site) for housing development at the end of September 2020.

100. **Hard facilities management (estates) –** work on high priority estates maintenance continues within approved budget. Work is undertaken in this area with due regard for the council's organisational design and estates & accommodation Strategies.

101. **Resources** – The council's ICT investment plan is continuing to schedule. The council's organisational design programme, to relocate BCP staff to a single primary civic centre space is now also included within the CIP.

Capital programme - financing

102. The council continues to rely on its own resources – principally earmarked reserves (including capital fund) and borrowing (the costs of which are included within the MTFP). Figure 6 summarises the latest funding profile for 2020/21 capital spend forecast.

Figure 6: Capital investment programme financing

Figure 6	Forecast 2020/21 £'000
Government Grant	76,071
Third Party Receipts	866
s106	4,296
CIL	2,019
External Funding Contributions	**83,252**
BCP Funding Requirement	**63,480**
Capital Investment Funding	**146,732**

103. In line with the council's approved flexible use of capital receipts strategy, capital receipts of £14.06 million anticipated between 1 April 2019 and 31 March 2022 are earmarked as funding for organisational design. This can only be applied to spend incurred in advance of 31 March 2022. The £14.06 million includes £1.25 million in respect of assets transferred from the general fund to the housing revenue account and £0.55 million where the capital receipt has already been received. There is risk associated with the residual £12.26 million balance of capital receipts forecast but not yet received. These are estimates only and remain susceptible to changing market conditions.

104. In line with CIPFA guidelines, the use of prudential borrowing is permitted only for the capital elements of organisational design. Accordingly, £5.8 million of prudential borrowing is planned to be utilised in order to finance the capital elements of organisational design. Borrowing should be repaid over the useful life of the asset, which is estimated to be five years. The resulting annual borrowing repayment will be a revenue cost and is shown in Figure 7 below.

105. The revenue elements of the organisational design programme are planned to be funded from a combination of the general fund and one-off revenue reserves. The council has made available £13.5m revenue reserves previously allocated to organisational design to help relieve the MTFP funding pressure in 2021/22. Once the additional revenue costs are taken into account the net benefit to the 2021/22 budget is £10.84 million as shown in Figure 7 and Figure 8. The repurposing of revenue reserves results in an overall funding gap of £9.4m in relation to the revenue elements of organisational design which is built into the MTFP. Figure 7 provides a full overview of the financial implications of this.

Figure 7: Organisational design expenditure

Figure 7 Organisational Design - potential funding model	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	£m
Capital expenditure						
Capital expenditure	3.80	1.00	1.00	0.00	0.00	5.80
	3.80	1.00	1.00	0.00	0.00	
Capital funding						
Prudential Borrowing	(2.55)	(1.00)	(1.00)	0.00	0.00	(4.55)
Prudential Borrowing (funded from HRA land tfr)	(1.25)	0.00	0.00	0.00	0.00	(1.25)
	(3.80)	(1.00)	(1.00)	0.00	0.00	
One-off revenue expenditure						
One-off costs	1.95	10.43	7.08	2.45	1.35	23.26
Redundancy	3.00	3.00	0.00	0.00	0.00	6.00
Contingency	0.00	1.43	0.69	0.00	0.44	2.56
	4.95	14.86	7.77	2.45	1.79	
One-off revenue funding						
Voluntary Revenue Provision	(1.77)	0.00	0.00	0.00	0.00	(1.77)
Corporate in-year RCCO	(1.90)	0.00	0.00	(2.00)	(1.76)	(5.66)
Estate RCCO (including £250k one-off from 2019/20)	(0.73)	(0.48)	(0.48)	(0.45)	(0.03)	(2.17)
Capital receipts	(0.55)	(12.26)	0.00	0.00	0.00	(12.81)
	(4.95)	(12.74)	(0.48)	(2.45)	(1.79)	
Total expenditure	**8.75**	**15.86**	**8.77**	**2.45**	**1.79**	**37.62**
Total funding	**(8.75)**	**(13.74)**	**(1.48)**	**(2.45)**	**(1.79)**	**(28.21)**
Organisational Design funding gap	**0.00**	**2.12**	**7.29**	**0.00**	**0.00**	**9.41**
MTFP impact (absolute NOT incremental)						
Redundancy reserve release	0.00	(0.72)	0.00	0.00	0.00	(0.72)
Voluntary Revenue Provision	0.00	(2.47)	0.00	0.00	0.00	(2.47)
Financial Liability Earmarked Reserve release	0.00	(10.33)	0.00	0.00	0.00	(10.33)
Estate RCCO base budget release	0.00	0.00	0.00	(0.03)	(0.45)	(0.48)
Absolute resources being released	**0.00**	**(13.52)**	**0.00**	**(0.03)**	**(0.45)**	**(14.00)**
Shortfall in Organisational Design revenue funding	**0.00**	**2.12**	**7.29**	**0.00**	**0.00**	9.41
Borrowing on £4.55m OD capital (over 5 years @ 3.5%)	0.00	0.56	0.79	1.01	1.01	3.37
Absolute Impact on MTFP	**0.00**	**(10.84)**	**8.08**	**0.98**	**0.56**	**(1.22)**

106. The Council continues to review the availability of community infrastructure levy (CIL) and s106 contributions for the financing of capital expenditure. The identification of available CIL and s106 contributions will potentially support the MTFP by reducing annual prudential borrowing repayments or releasing capital fund resources currently financing the CIP.

107. Members are reminded that in June 2020, Council was advised of the availability of up to £2.8m capital fund reserve to potentially release to help mitigate revenue pressures in 2020/21. This relates to capital fund allocations currently approved for the Heart of Poole and Canford Cliffs beach hut development capital projects, which could be replaced with alternative funding sources (e.g. prudential borrowing) if required.

Capital budget virements 2020/21

108. In accordance with the council's financial regulations the following rules associated with capital virements apply (after advice from the Chief Finance Officer):

- Virements over £1 million require prior Council approval.
- Virements over £0.5m and up to £1 million require prior Cabinet approval.
- Corporate Directors can approve virements over £100k up to £500k.
- Service Directors can approve virements up to £100k.

109. The following capital virement requires **Council approval**.

Service area **Regeneration**

Budget purpose **Increase capital programme by £1m**

Council approval is sought to accept £1 million Ministry for Housing, Communities and Local Government (MHCLG) grant funding. This will enable the council to deliver a programme of accelerated capital investment in Boscombe by 31 March 2021 – the first phase of the council's strategic Boscombe Towns Fund regeneration programme. The funds will be allocated to capital projects outlined within the grant bid. Cabinet will be provided with a detailed Boscombe Towns Fund report in December 2020 with further details on projects funded from the £1m grant, as well as information on the council's bid for the second phase of the Towns Fund Intervention programme.

Housing Revenue Account (HRA) monitoring 2020/21

110. The HRA is a separate account within the council that ring-fences the income and expenditure associated with the council's housing stock. The HRA does not therefore directly impact on the council's wider general fund budget.

111. Within the HRA the council operates two separate neighbourhood accounts. The Bournemouth account comprises of 5,100 tenanted properties and is directly managed in-house by the council. The Poole account comprises of 4,517 tenanted properties and is managed by Poole Housing Partnership (PHP). PHP operate as an arm's length management organisation (ALMO) in line with a management agreement with the council.

112. The impact of the pandemic was expected to reduce HRA revenue collection by an increase in number of void properties leading to lower levels of rent charges raised. To date this has not happened, however there is still an expectation that when some of the central government Covid-19 policies end (e.g. the furlough scheme) that there will be some impact on rents collected

113. Delays in progressing new build projects due to the Covid-19 lockdown will result in a delay in the requirement for borrowing and associated charges. Any changes to the revenue forecast is reflected in either an adjustment to the revenue contribution to capital, or a call on HRA reserves, within the HRA ringfence.

114. HRA capital budgets will be more substantially impacted by Covid-19 as the lockdown has impacted planned works to people's homes where access has not been available. Planned maintenance programmes will be reduced by approximately £1.2 million

across both neighbourhoods and this unused budget will remain in HRA reserves. Additionally, there have been significant delays in some of the major capital projects planned for this year. These projects will be rephased with £12 million of slippage into future years. This slippage results in lower borrowing requirement for the HRA in 2020/21 as reserves will be used to fund the capital programme.

Bournemouth neighbourhood

115. Appendix C1 provides the detail of revenue and capital budget monitoring statements for the Bournemouth neighbourhood.

Revenue account

116. The current forecast is for an underspend of £0.07 million compared to budget. Rents appear to be being maintained against plan. There are some support cost and repairs savings as a result of the lockdown, although in the case of repairs it is hoped that much of the work can be caught up.

Capital programme

117. There is a relatively small underspend of £0.2 million in respect of programmed kitchen and bathroom works to be carried out this year. By far the biggest variation is in the development programme, where the closedown of sites has had a material impact, slipping the programme by £5.9 million. These delays are likely to have a knock on effect across the programme into future years.

Poole neighbourhood

118. Poole Housing Partnership prepare the budget monitoring information for the Poole neighbourhood with the latest available statement being for the first quarter to the end of June. The report for the second is due in mid-October.

119. Appendix C2 provides the detail of revenue and capital budget monitoring statements for the Poole neighbourhood.

Revenue account

120. There are no material budget variances currently projected for the revenue account.

121. The rents raised in the first quarter are 25% of the annual budget, with no significant variation due to voids. Arrears for tenants on universal credit are rising with the pandemic providing a further risk to collectability. An assessment of the adequacy of the bad debt provision is in progress.

Capital account

122. The February 2020 report to Council agreed a £21.4 million capital programme for the HRA in 2020/21. This budget included carry forwards from 2019/20 of £0.45 million. Additional carry forwards were identified at outturn totalling £0.23 million due to delayed roofing, door replacement and fire risk assessment work. This brings the revised budget for 2020/21 to £21.6 million.

123. The projected outturn is a shortfall in the programme of £7.4 million with by June £1.6 million spent. This equates to eleven per cent of the annual projection of £14.2 million.

124. The main projected expenditure variances against the revised budget are as follows:

- £3.1 million delay in redevelopment of the 4 tower blocks in Poole Old Town. The property buy backs within the project are expected to be completed this year, but the delivery of works has been re-phased.
- £1.2 million delay in the Herbert Avenue scheme. Planning has been agreed with only approximately half the annual budget expected to be spent this year.
- £1.1 million delay for in fill projects with the development team currently forecasting only minimal spend against this budget in 2020/21 while potential opportunities are assessed.
- £0.7 million delay in planned maintenance from reduced ability during the pandemic to access properties during the first quarter with catch up unlikely.
- £0.4 million delay for Cynthia works with the majority of the project re-phased to 2021/22.
- £0.35 million delay in retro fit of sprinklers with re-phasing of the programme.
- £0.3 million delay for Hillbourne school development with only minimal spend forecast this year.
- £0.15 million for the completed Canford Heath scheme with the retention now due next year.

Medium Term Financial Plan Update and 2021/22 Financial Strategy

125. The process of setting a robust and lawfully balanced budget for 2021/22 will be an extremely challenging one for the Council. The ongoing legacy of the coronavirus global pandemic will mean unprecedented levels of uncertainty in determining the costs that will need to be met in the next financial year and in predicting the levels of income that will be achieved.

126. As a new unitary authority, we recognise the predecessor councils consciously applied a strategy to grow their local sources of sales, fees and charges to mitigate the £103 million per annum (comparing 2020/21 with 2010/11) reduction in un-ringfenced government funding due to austerity. This enforced strategy now leaves the BCP Council vulnerable in the current uncertain and recessionary climate which is particularly predicted to have a hard impact on deprived and coastal communities. As a consequence, the authority will need to maximise the potential and pace of its transformation agenda and make some difficult choices about its priorities and which local services should be protected and funded, and to what level, as part of its 2021/22 budget.

127. In response to this high level of uncertainty, the council's financial strategy has been drawn up based on different scenarios. The scenario being adopted at this stage identifies that the council needs to implement a strategy designed to save a further £13.4 million to enable a balanced budget to be delivered next year. This position is net of £8.8m of savings and efficiencies already programmed and assumed for 2021/22 and a £15 million savings target for the transformation programme.

128. Alternative scenarios emphasise that this basis position could easily vary both positively and negatively significantly. The current position has been updated since the June 2020 Cabinet 2020/21 budget monitoring report to reflect two key workstreams;

    - the refresh of the MTFP undertaken at the end of August in accordance with the MTFP timeline in Appendix D1.

- A further refinancing of certain capital and revenue schemes.

129. Figure 8 below sets out a summary of the current funding gap position in respect of the 2021/22 Budget.

Figure 8: Funding gap 2021/22

£m	Details
17.3	Position as per February 2020 February Budget Report
(6.4)	Ongoing savings introduced in the June 2020 Cabinet Report
(5.0)	Changes in assumptions (negative RSG, Pay Award, contribution to DSG)
3.5	Transformation – revenue investment (June Cabinet Organisational Design report)
5.5	Revised operational pressures and savings following August Refresh
14.9	**Sub-Total Funding Gap for 2021/22**
4.0	Requested Service Investments
18.9	**Sub-Total Funding Gap for 2021/22**

Covid19 Legacy Issues	
17.1	Sales, Fees and Charges (predominately Town Centre Car Park Income)
12.2	Core Income (Council Tax and Business Rates yield)
0.9	Legacy Costs Issues (Infection Control, homelessness, economic development)
30.2	**Total Covid19 Legacy Issues**
49.1	**Sub-Total Funding Gap for 2021/22**

Mitigations	
(15.0)	Savings target set for the Transformation Programme
(4.0)	Removal of requested service improvements
(2.0)	Removal of revenue contribution to capital
(0.1)	Residual MTFP
(1.3)	ICT Investment Plan – refinance by borrowing
(10.8)	Transformation Fund – refinance by borrowing and profile into MTFP
(2.5)	Other schemes refinanced by borrowing
13.4	**Funding Gap for 2021/22**

130. This update forms part of the latest MTFP position of the authority which can be set out as follows. It should be noted that this table is presents on an absolute, rather than incremental, basis.

Figure 9: Latest medium-term financial plan

	2021/22	2022/23	2023/24
Position prior to legacy Covid position	**24.4**	**45.2**	**62.7**
Service Investments	4.0	4.0	4.1
Transformation Revenue Costs	3.5	4.0	4.5
Service Savings – Assumed / programmed	(8.8)	(10.3)	(10.4)
Council Tax – Annual uplift (Harmonisation / 2.99%) & Tax-base	(4.5)	(12.2)	(20.3)
Business Rates – Annual inflationary uplift	(1.1)	(2.2)	(3.3)
Collection Fund – One-off surplus 2020/21	1.4		
Position prior to legacy Covid position	**18.9**	**28.5**	**37.3**
Covid19 – Sales, Fees and Charges	17.1	8.5	4.2
Covid19 – Core Income	12.2	6.1	3.0
Covid19 - Costs	1.0	0.6	0.6
Current Base MTFP Position	**49.1**	**43.6**	**45.1**
Removal of service investments	(4.0)	(4.0)	(4.0)
Revenue contribution to capital	(2.0)	(2.0)	(2.0)
Residual capital funding	(0.1)		
Town Centre Development Fund	(2.5)		
ICT Investment Plan Resources One-Off & funding obligations	(1.3)	0.3	0.3
Transformation Fund Resources One-Off & funding obligations	(10.8)	8.1	3.0
Net Funding Gap – Before Transformation	**28.4**	**46.0**	**42.4**
Transformation Saving Target 2021/22	(15.0)	(24.1)	(33.2)
Net Funding Gap	**13.4**	**21.9**	**9.2**

131. The scale of the challenge is best understood by recognising that the current 2021/22 funding gap represents 4.7 per cent of the councils 2020/21 net revenue budget.

132. Appendix D2 and D3 provides summaries of the current assumptions used. These are likely to change as government announcements are made and other issues become clearer.

133. Appendix D4 includes full details of the financial strategy, including scenario planning and options for setting council tax in 2021/22. In summary the financial strategy can be summarised as follow;

a) Encourage the government to continue to meet the original commitment from Robert Jenrick the Secretary of State for Housing Communities and Local Government that promised councils will get all the resources they need to cope with this pandemic.

b) The first draft of the 2021/22 Budget will be drawn including a £2.5 million investment in corporate priorities which is £1.1 million more than the amount assumed in the base for 2020/21.

c) The £15 million savings target for transformation is reaffirmed. It is recommended that the Corporate Director for Transformation brings forward to Cabinet in December a report detailing how such savings will be achieved, including their implications, risks and mitigations and the extent to which they will be itemised in setting the 2021/22 budget. This assumed level of savings for 2020/21 was approved as part of 2020/21 budget monitoring report to June Cabinet.

d) The review of projects (revenue and capital) as put forward as part of the June Cabinet report which set out those schemes and programmes that could be deferred, cancelled or refinanced.

e) Proposals to refinance other capital schemes where appropriate, designed to release resources which can be used to support the 2021/22 budget of the Council. The intention now being to borrow to fund these schemes over the life of the asset, or where they are revenue in nature to meet the cost as part of the budget for the year in which the expenditure falls. Examples of such schemes include the ICT Investment and the previous transformation programme.

f) Recognising the scale of the Covid-19 legacy issues, which the government often refer to as the Covid-19 scarring costs, and the uncertainty as to whether they will be covered by government in either full or part it is recommended that the council;

f1) take all possible steps to avoid using reserves and protect resources earmarked in 2020/21 to mitigate the impact of Covid-19 in the current financial year. If this can be achieved the proposal would be to redirect these resources into a Covid-19 income mitigation reserve.

f2) take all possible advantage of the system to allow council and business rates tax deficits to be repaid over three years instead of one, accepting that the details of the scheme are yet to be announced and therefore the advantage or otherwise of doing so is yet to be clarified.

f3) request that Portfolio Holders, Corporate Directors and Service Directors work together to reduce the operating cost pressures put forward as part of the August 2020 rebase of the Medium Term Financial Plan or to increase the £8.8m of savings, efficiencies and additional income already being put forward for 2020/21 outside of separate transformation programme. The first draft of the 2021/22 budget will also be drawn excluding £4.0 million of service improvements requested by the Corporate and Service Directors and the £2.0 million assumed revenue contribution to capital.

g) An ongoing review of resources and provisions to consider inherited amounts from predecessor councils relating to s106 deposits and the community infrastructure levy receipts. This is to establish if there has been consistency in how they have been used and to determine the extent to which they should have been applied to historic capital expenditure. This workstream should also consider the adequacy or otherwise of historic provisions for business rates appeals and provisions.

h) A review of third-party contributions towards forecast costs to ensure they are being maximised. This includes contributions from the Clinical Commissioning Group towards the cost of care.

Scenario planning

134. In the June budget monitoring report three scenarios had been maintained regarding the length of the pandemic and recovery period with a standardised annual approach for the impact across services. As an example, one scenario assumed that after a short recovery period, most service costs and income would return to normal levels. A second scenario assumed the full impact lasted all year.

135. As the summer has progressed it is now clear that services will not all recover at the same pace and some are likely to have higher costs all year (for example to manage social distancing and PPE requirements). Income recovery assumptions are now more nuanced depending how lockdown restrictions have been eased with experience gained about changed behaviours as the population returns to work and leisure activities.

136. There remains the risk that the financial impact could be significantly better or worse than current projections. In these cases, we would expect government support to also change to reduce the impact on the annual position.

137. The financial strategy in the report appendix D4 provides illustrative examples of alternative MTFP assumptions to put into context the high level of uncertainty that exists at this stage in the budget cycle and the scale of decisions still to be made.

138. Also included in the financial strategy is consideration of options for setting the level of council tax in 2021/22 and future years.

Proposed Actions

139. Request the Corporate Director for Children's Services set out in the next budget monitoring report further details of the budget variances within the directorate and the actions being taken to mitigate these pressures.

140. Request the Chief Executive to set out the in the next budget monitoring report further details of the pressures within the directorate and any potential mitigations.

Summary of financial implications

141. This is a financial report with budget implications a key feature of the above paragraphs

Summary of legal implications

142. The recommendation in this report are to ensure the council remains financially viable over 2020/21 with an improved prospect of balancing future year budgets.

Summary of human resources implications

143. There are no human resources implications from this report. The June Cabinet budget monitoring report included the implications of the current budget mitigation strategy.

Summary of sustainability impact

144. Different ways of working are continuing to reduce staff travel as included in the budget mitigation strategy. The accommodation strategy, and the smaller estate in future years will also lower pollution and energy consumption.

Summary of public health implications

145. The council is seeking to maintain appropriate services for the vulnerable as well as improve the sustainability of services important for the wellbeing of all residents.

146. The projected outturn includes a significant allowance for PPE to protect staff and residents to ensure compliance with all guidance to be issued by Public Health England over time.

Summary of equality implications

147. Budget holders are managing their in-year budget savings to minimise any adverse equalities issues.

148. In developing their final MTFP proposals, directorates will each undertake an equalities impact assessment which will be reviewed corporately and summarised for inclusion in the February 2021 report to Council.

Summary of risk assessment

149. There remains significant uncertainty in the length and depth of impact from the Covid-19 emergency. Three scenarios were considered in the early part of the year with now the most likely scenario taken forward and constantly updated to take account of the latest government guidance and emerging issues.

150. Further actions may be needed during the year if the financial impact grows beyond that currently estimated.

Background papers

1. 2020/21 Budget and MTFP report to February 2020 Council

https://democracy.bcpcouncil.gov.uk/ieListDocuments.aspx?CId=285&MId=3726&Ver=4

2. Finance update report to 27 May Cabinet

http://ced-pri-cms-02.ced.local/documents/s17294/BCP%20Council%20Finance%20Update.pdf?LO=1

3. Covid-19 budget monitoring report 2020/21 to 24 June Cabinet

http://ced-pri-cms-02.ced.local/documents/s17802/Budget%20Rebase%20202021.pdf?LO=1

4. Audit Committee report July 2020

http://ced-pri-cms-02.ced.local/documents/s18726/Governance%20of%20Budget%20Monitoring.pdf?LO=1

Appendices

Appendix A1	Projected variances greater than £100,000 for 2020/21
Appendix A2	Revenue summary position 2020/21
Appendix B	Schedule of movement in reserves for 2020/21
Appendix C1	Summary of Bournemouth neighbourhood HRA for 2020/21
Appendix C2	Summary of the Poole neighbourhood HRA for 2020/21
Appendix D1	MTFP timeline
Appendix D2	MTFP Assumptions summary table
Appendix D3	MTFP Key financial planning assumptions
Appendix D4	Financial strategy 2021/22 to 2023/24