

## Part A

**Report to:** Finance Scrutiny Committee

**Date of meeting:** Monday, 23 November 2020

**Report author:** Finance Manager - Financial Planning & Analysis

**Title:** Finance Digest - Period 6 September 2020

### 1.0 Summary

1.1 This report informs the Finance Scrutiny Committee of the Council's 2020/21 financial position at the end of September 2020 (Period 6).

1.2 Budget monitoring report is a key tool in scrutinising the Council's financial performance. It is designed to provide an overview to all relevant stakeholders. It is essential that the council monitors its budgets throughout the year to ensure that it is meeting its strategic objectives and that corrective action is taken where necessary.

### 2.0 Risks

#### 2.1

Nature of risk	Consequence	Suggested Control Measures	Response (treat, tolerate, terminate or transfer)	Risk Rating (combination of severity and likelihood)
The budgets set are not sufficiently accurate	Creates either in-year budget pressures, underspends or additional borrowing costs	Use of reserves	Treat	6
The Council will not have adequate reserves to manage emerging risks	Reserves diminish	General Fund Balance is set a £2M	Treat	6
Watford as a place and as a council does not recover from the impact of the pandemic	Serious impact on the economy and vibrancy of the town.  Reduction in the ability of the council to deliver the requirements of residents and businesses and fulfil its statutory obligations.  Impact on long term financial sustainability of the Council	Recovery cell established to ensure that plans are put in place as early as possible with action taken as early as possible and to ensure the decision-making during the incident is cognisant of Recovery.  The recovery cell will have a focus on financial and economic recovery.		9

### 3.0 **Recommendations**

- 3.1 To consider the 2020/21 Quarter 2 Finance Digest as shown in Annex A, and note both the revenue and capital forecast outturn positions.
- 3.2 Makes any recommendations to Cabinet/Council.

#### **Further information:**

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**Report approved by: Alison Scott, Interim Director of Finance (Shared Service)**

### 4.0 **Detailed proposal**

- 4.1 The emergence of Covid-19 and the subsequent lockdown has had a significant impact upon the finances of the council both in terms of additional expenditure and reductions in income levels. The Council has continued to monitor the position closely and this report set out the latest forecast of the impact of Covid-19 on the Council's finances as well as business as usual variances that have been identified to date.
- 4.2 An interim budget monitoring report was presented to Council on 14 July 2020 showing the estimated financial impact of Covid-19 on the Council finances to date. The report also highlighted that a review of existing earmarked reserves had been undertaken to identify a Recovery Fund of £1.2M to meet the one-off costs of the council's work on the recovery of Watford from Covid-19. The recommendations in the report were agreed which allowed for the changes to both individual capital and revenue budgets and the creation of the Recovery Fund.
- 4.3 The financial implications of the report has been included in the latest revenue and capital budgets. The attached Finance Digest therefore compares the latest budget, with the forecast outturn including business as usual variances and updates on Covid-19 implications.
- 4.5 The detailed report is attached at Annex A.

### 5.0 **Implications**

#### 5.1 **Financial**

- 5.1.1 Contained in the report.

## 5.2 **Legal Issues** (Monitoring Officer)

5.2.1 There are no legal implications arising from this report.

## 5.3 **Equalities, Human Rights and Data Protection**

5.3.1 Under s149 (1) of the Equality Act the council must have due regard, in the exercise of its functions, to the need to –

- eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act
- advance equality of opportunity between persons who share relevant protected characteristics and persons who do not share them
- foster good relations between persons who share relevant protected

5.3.2 Having had regard to the council's obligations under s149, it is considered that there are no equalities or Human Rights implications.

5.3.3 Having had regard to the council's obligations under the General Data Protection Regulation (GDPR) 2018, it is considered that officers are not required to undertake a Data Processing Impact Assessment (DPIA) for this report.

## 5.4 **Staffing**

5.4.1 There are no staffing implications arising from this report.

## 5.5 **Accommodation**

5.5.1 There are no accommodation implications arising from this report.

## 5.6 **Community Safety/Crime and Disorder**

5.6.1 There are no community safety/crime and disorder implications arising from this report.

## 5.7 **Sustainability**

5.7.1 There are no sustainability implications arising from this report.

## **Appendices**

- Annex A – Finance Digest – September 2020 – Period 6

## **Background papers**

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.

Budget Setting (MTFS 2019/20- 2022/23) - Council 28 January 2020

Financial Outturn 2019/2020 (June 2020)

2020/21 Budget Update – Council 20 July 2020

Budget Monitoring Report P4 – July 2020