BLACKPOOL COUNCIL

REPORT

of the

DIRECTOR OF RESOURCES

to the

EXECUTIVE

22ND MARCH 2021

FINANCIAL PERFORMANCE MONITORING AS AT MONTH 10 2020/21

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1. Introduction

1.1 This report is the standard monthly financial performance monitoring report, which sets out the summary revenue budget position for the Council and its individual directorates for the first 10 months of 2020/21, i.e. the period to 31st January 2021, together with an outlook for the remainder of the year. The report is complemented with an assessment of performance to date of balances and reserves, income collection, the Council's latest Capital Programme and statements relating to Cash Flow Summary and Balance Sheet Summary. It also incorporates the impact of the Council's wholly-owned companies for which the Council is parent company and underwriter.

1.2 This year is unprecedented in the operational and consequential financial demands being placed upon the Council from the very outset with the introduction of the Government's lockdown and restriction measures resulting from the Covid-19 pandemic. This has impacted in a variety of ways from increasing service demand and cost to curtailing income sources and not just for Council services but also its private sector providers, its wholly-owned companies and its partners, necessitating budgetary overspends, supplier reliefs and subsidies, cashflow loans and other support measures besides implementing at short notice Government policy initiatives such as business support grants, business rate reliefs and infection prevention and control grants.

2. Report Format

2.1 Separate reports have been prepared for each of the Council's core areas of responsibility:

- Appendix 3a - Chief Executive
- Appendix 3b - Governance and Partnership Services
- Appendix 3b/c - Ward Budgets
- Appendix 3d - Resources
- Appendix 3e - Communications and Regeneration
- Appendix 3f - Strategic Leisure Assets
- Appendix 3g - Growth and Prosperity

- Appendix 3h - Community and Environmental Services
- Appendix 3i - Adult Services
- Appendix 3j - Children's Services
- Appendix 3k - Public Health
- Appendix 3l - Budgets Outside the Cash Limit
- Appendix 3m - Wholly-owned companies

These incorporate summary financial statements which continue to be prepared on a full accruals basis and focus on the forecast revenue outturns for 2020/21. There is an accompanying narrative to explain any areas of significant variance from budget and to highlight any areas of potential pressure along with action plans agreed with service managers to address them.

2.2 The combined effect of the directorates' financial performances is aggregated in a summary financial statement at Appendix 1 which mirrors the Council's Revenue Budget Book and also reconciles to the monthly Covid monitoring returns that have been required by the Ministry of Housing, Communities and Local Government (MHCLG). This summary allows proactive month-on-month monitoring of the Council's forecast working balances to be undertaken to ensure appropriate and prudent levels are maintained. Appendix 2 highlights on a 12-month rolling basis those services which trip the designated overspending reporting threshold.

3. Directorates' Budget Performance

3.1 The Provisional Outturn Report 2019/20 was reported to the Executive on 15th June 2020. To allow services to enter the new financial year in a balanced position and give directorates a realistic chance of meeting their budget savings for what will be the 10th consecutive year of material budget cuts, the Executive agreed to write-off all 2019/20 service variances but carry forward the 2019/20 underspend of £206k on Ward Budgets and the overspend of £4,183k on Growth and Prosperity. The 'Cash Limited Budgeting' policy allows for overspends to be carried forward if there is a plan in place to deliver. As such the Growth and Prosperity overspend of £4,183k is to be covered by Earmarked Reserves in 2019/20 and recovered in 2020/21.

3.2 The impacts of directorates' revenue budget performance and progress in achieving planned savings fall upon the Council's working balances. The main areas accounting for the month 10 forecast underspend of **£9,072k** for 2020/21 are summarised below:-

Directorate	Service	Forecast Variance £000
Strategic Leisure Assets	Strategic Leisure Assets is forecasting a pressure of £4,473k including £2,731k net Covid costs. In accordance with the original decision for this programme by the Executive on 7th February 2011, the projected overspend on Strategic Leisure Assets of £1,742k (i.e. excluding Covid costs) will be carried forward and transferred to Earmarked Reserves. The forecast cumulative deficit as at 31st March 2021 is £18,104k. This incorporates the increased repair costs, mainly relating to Tower steel work. The Leisure Assets medium-term financial plan now forecasts the service to break-even, in-year, during 2024/25. This has increased from 2021/22 mainly due to an assumption around the longer lasting impact of Covid.	2,731
Children's Services	An overspend of £1,662k is forecast including £64k net Covid costs. The Children's Social Care budget was increased by £8.173m in August 2020 following the approval of the refreshed Children's Services Medium Term Financial Strategy (CSMTFS). The additional investment was required to cover the increase in numbers and unit costs of Looked After Children (LAC) between budget setting and 31st May 2020 and also to develop the placements market and increase the capacity within internal fostering. The CSMTFS aims to reverse the current trend and this investment alongside other service improvements should ensure the service can live within the current budget by 2022/23. However, the Children's Social Care division is still forecasting an in-year overspend due to the worsening position since May 2020 (£1,808k) mainly due to the additional support required following the break-down of high cost placements. An additional work stream is expected to be set up to review, understand the issues and mitigate against the additional costs, wherever possible. This time last year there were 58 placements over £3k, with an average cost of £4,189 per week. The current number of placements over £3k is 66, with an average cost of £4,690 per week. That's a 14% increase in numbers and a 12% increase in average cost. Nationally, there is an expected increase in demand for children's social care services post-Covid that could see an additional pressure. By January 2021 LAC numbers stand at **615** which is a reduction of 29 on September 2020. There is an overspend in Education of £547k, primarily relating to the Special Educational Needs (SEN) Transport Service which is partly due to demand pressures and partly due to a historical savings target that was not achieved. Early Help for Children is expected to	1,662

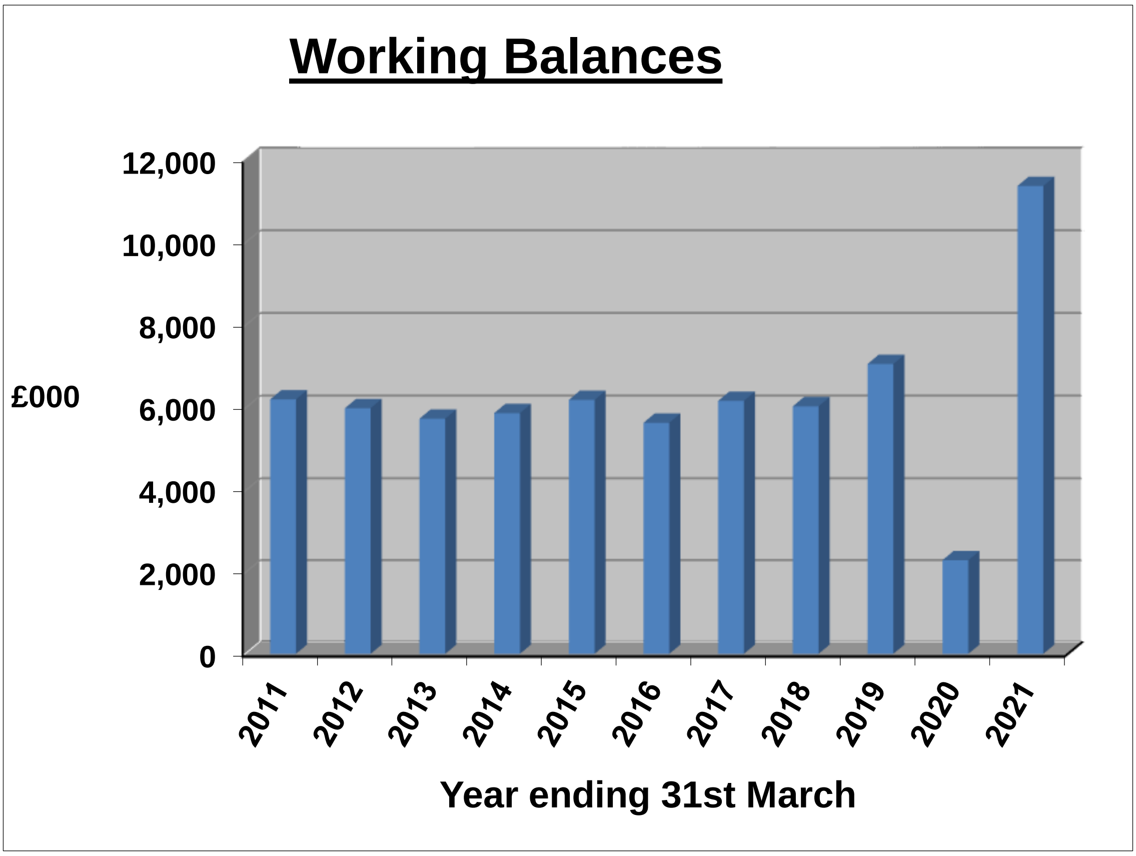
	underspend by £685k due to vacant posts across the service.	
Governance and Partnership Services	An overspend of £569k is forecast of which £192k is attributable to net Covid costs. Corporate Legal Services is expecting a £938k overspend including £864k relating to the increased spend on Children's services to cover the need for additional staff and legal fees due to an increased caseload and £106k due to Covid. The overspend has risen again this month due to Counsel costs currently exceeding previously forecast spend in part due to a few exceptional, complex cases. Within the rest of Legal Services there is a saving on supplies and services. Life Events and Customer Care is forecasting a saving of £69k which includes a pressure of £86k relating to Covid and an underspend of £155k in Life Events relating to continuing pressures in Coroners and Burials offset by increased income in cremations and public funerals. These are offset by a forecast underspend on Ward budgets of £300k.	569
Community and Environmental Services	An overspend of £276k is forecast of which £508k is attributable to net Covid costs. Waste Services are reporting a pressure of £261k due to a reduction in forecast income within Trade Waste and the HWRC where income has been reduced significantly due to the pandemic. This includes £211k net Covid pressure. Integrated Transport is forecasting a pressure of £153k. £145k is mainly due to the loss of Rideability income during lockdown and reduced income in the future due to social distancing measures reducing the capacity of the service. The re-opening of schools will lead to an additional staff cost pressure of £20k, due to the need for variable starts, so more requirement for crossing patrols. Other savings have helped to mitigate the pressures overall. Highways and Traffic Management Services is currently forecasting an underspend of £45k although there are net Covid related pressures of £128k. The underspend is mainly due to an anticipated shortfall in Road and Street Works Act (RASWA) income of £53k due to a reduction in the amount of work being undertaken this year offset by forecast savings of £123k in Highways & Engineering due to staffing vacancies and increased scheme income. Public Protection is forecasting a saving of £97k due to staff vacancies.	276
Communications and Regeneration	An overspend of £193k is forecast including £360k net Covid costs. Tourism & Communications is expecting a pressure of £217k of which £298k relates to Covid. Planning is expecting a saving of £3k including a net Covid pressure of £37k. This has been offset in part due to staff savings and better than budgeted income in Building	193

	Control. Economic Development is expecting a saving of £21k including a net Covid pressure of £25k. This has been reduced by use of savings elsewhere in Arts such as vacant posts and the release of provisions. Increased income in Communications and savings on vacant posts as well as on supplies and services expenditure means that previous pressures in Visit Blackpool have been met.	
Public Health	An overspend of £81k is forecast. This relates to additional spend incurred by the Public Health team as a result of the Covid response. Since March Public Health has been responding to the outbreak of Covid to protect the population of Blackpool. The team has been working on the development of Community Hubs, including the homeless population, to ensure that those left vulnerable from Covid receive the support they need, for example food, welfare checks, medication, accommodation, etc. More recently the Public Health team has been supporting the Government's NHS Test and Trace service with contact tracing and support for complex local outbreak management. This required a single point of contact to be established, monitored and calls/e-mails actioned by appropriately qualified and informed staff. The spend relating to this work is not included in the above as this is being funded through a ring-fenced £1.7m Test and Trace service support grant from the Department of Health and Social Care, and therefore has no financial impact on the budgetary position for the directorate. There has been reduced activity against some Payment By Results contracts as a result of Covid impacting our provider's ability to offer routine treatments and these savings have offset a shortfall in income generation for the directorate.	81
Chief Executive	A break-even position is forecast. Additional costs relating to the temporary accommodation of rough sleepers in line with the government guidelines have been met by grant funding.	Nil
Growth & Prosperity	An overspend of £8,832k is forecast against an adjusted budget for Growth and Prosperity which includes an approved carry forward overspend of £4,183k from 2019/20. The 'Cash Limited Budgeting' policy allows for overspends to be carried forward if there is a plan in place to deliver. The accounting mechanism is that the overspend is to be covered by Earmarked Reserves in 2019/20 and recovered in 2020/21. The service is currently expecting a £8,832k pressure. This pressure has increased due to the complex nature of these projects and delays have arisen which are now predicted to result in an in-year overspend. Whilst this is disappointing, it is	Nil

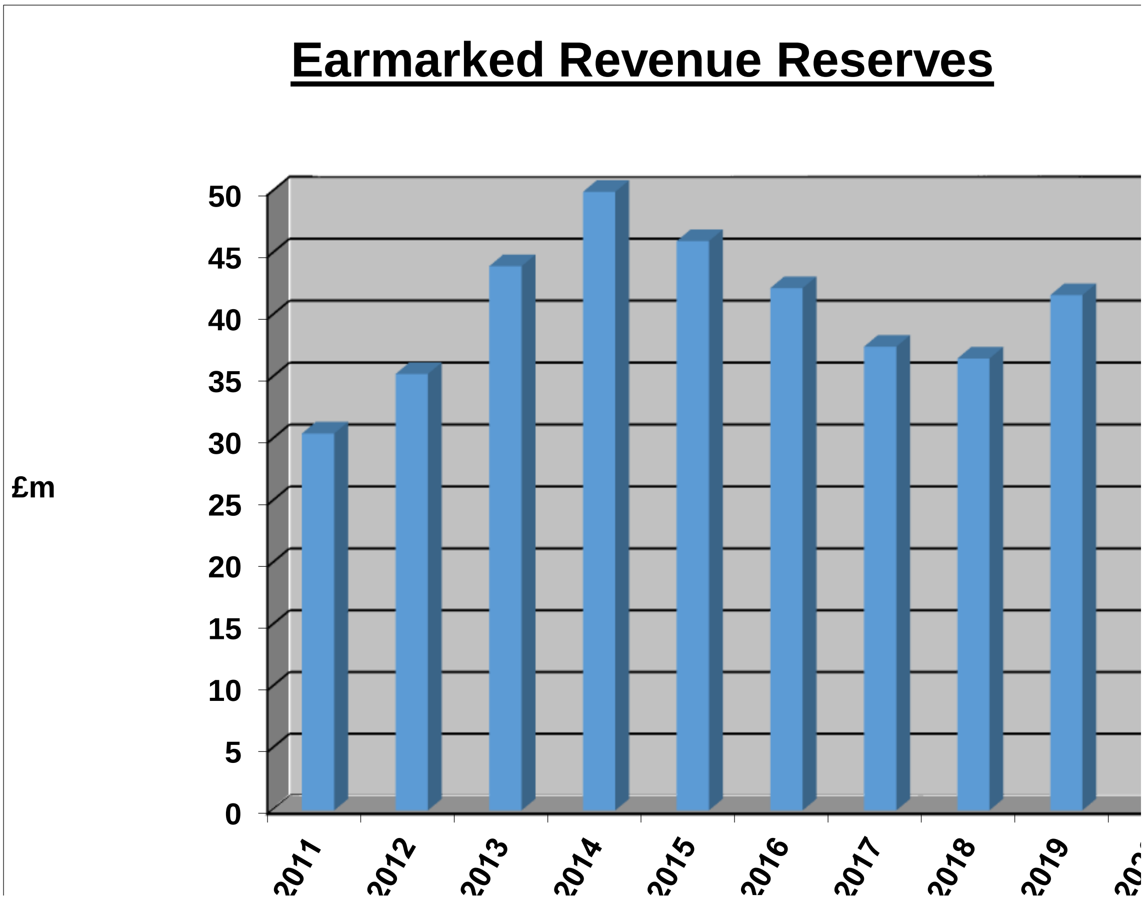
	not a result of a failure of projects or even an unexpected shortfall in income, but rather a question of timing. All projects that were to contribute to the target are still proceeding well and should deliver beyond the target if taken over the 3 year period from 2019/20 to 2021/22. This pressure is to be funded from Earmarked Reserves in 2020/21 and the schemes slipped to 2021/22 plans as reported to the Executive on 8th February 2021.	
Resources	An underspend of £534k is forecast including a net Covid pressure of £158k. Accountancy & Exchequer services are forecasting an underspend of £56k. Additional expenses incurred by extending the Finance and Payroll contracts until March 2023 has added pressure to the budget. This has been offset by vacancy savings. The Procurement and Projects Service is forecasting an underspend of £86k. Staff savings within the Procurement and Energy Management team have contributed towards the underspend. Property Services is forecasting an underspend of £255k taking into account £158k Covid costs. A decision has been made to continue to bill tenants in line with their rental agreement, whilst offering deferred payment terms to businesses where appropriate. Pressures against income generation have been offset by vacancy savings and utilities & maintenance savings as a result of under occupancy of some Council buildings. Saving of £44k in Risk Services and £67k in Customer First are due to staff vacancies and additional income.	(534)
Contingencies and Reserves	There is a £1m freezing of non-essential and/or deferrable spend to deliver a saving of which £500k still needs to be allocated across services. As such, this is showing as a pressure for 2020/21. There are also savings from prior years that have not yet been met recurrently and these are currently showing a pressure of £560k, primarily procurement savings. Funding of £15,884k has so far been received from MHCLG net of £380k attributable to the 2019/20 financial year and a contribution of £3,660k is anticipated from Blackpool CCG for Enhanced Hospital Discharges. A MHCLG compensation scheme for non-commercial income lost due to Covid is estimated to provide an additional £8,875k in the full year. The impact of reallocating the Covid funding relating to government grants tranches 1-4 and sales, fees and charges compensation claims and the contribution from the CCG amounting to £25,407k has been shown in the services above. The residual funding of £3,012k is yet to be allocated.	(1,952)

Adult Services	An underspend of £1,972k is forecast. Adult Commissioning Placements is forecast to underspend by £1,709k and savings have been achieved from a reduction in residential placements and transport offset by an increase in Homecare demand. Care and Support is forecasting an underspend of £148k due to staff vacancies. Adult Social Care is forecasting an underspend of £96k due to vacancies within the service.	(1,972)
Budgets Outside the Cash Limit	An underspend of £10,126k is forecast including £1,833k net Covid costs. Parking Services is forecasting a shortfall on income of £1,144k for 2020/21 including net Covid costs of £1,195k. A small saving has been generated due to savings in staffing and other services. Housing Benefits is forecasting an overspend of £239k due to Covid relating to a reduction in the amount of overpayments recovered during the pandemic. There is a pressure of £88k in subsidiary companies. £399k of this pressure is due to net Covid costs. There is, however, expected to be savings of £311k due to an expected reduction in charges, mainly relating to debt management. Treasury Management is forecasting a favourable variance of £8,363k. The Council is currently using temporary and long-term borrowing to finance Prudentially-funded capital expenditure. While temporary investment rates and temporary borrowing rates are low, the Treasury team will continue to use a mix of both temporary and long-term borrowing to fund planned capital expenditure. The Business Loans Fund now has a savings target of £3,309k and there is some slippage in the loans being made to date. Following a review of the Minimum Revenue Provision (MRP) which was approved by the Executive on 8th February 2021 a total of £6.7m of saving has been realised in 2020/21. Concessionary Fares is forecast to underspend by £3,234k. This is due to reduced passenger numbers from those budgeted.	(10,126)
Total		**(9,072)**

3.3 The graph on the next page shows the stark impact on the level of Council working balances in-year together with the last 10 years' year-end balances for comparison:



3.4 Whilst the Council maintains working balances to address any in-year volatilities, it also maintains a number of Earmarked Revenue Reserves for such longer-term commitments as future Private Finance Initiative payments and uncertainties within the Localised Business Rate system. In order to present a complete picture of the Council's financial standing an equivalent graph to that of working balances, including a projection to 31st March 2021, is shown on the next page:



3.5 Earmarked Revenue Reserves (ERR)

	£m
Provisional Earmarked Revenue Reserves as at 1st April 2020	48.04
Less Covid grant funding	(5.71)
Less Strategic Leisure Assets non-Covid element of overspend	(1.74)
Less Recurrent Gap funding underwritten by ERR	(2.25)
Less Ward Budget underspend 2019/20	(0.21)
Add Growth & Prosperity – recovery of 2019/20 overspend	4.18
Less Transfers from ERR months 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10	(1.43)
Less Children's Services CSMTFS funded from ERR	(8.17)
Less G&P overspend from reserves	(8.83)
Less Other movements	(0.56)
Forecast Earmarked Revenue Reserves as at 31st January 2021	23.32
Forecast Earmarked Revenue Reserves as at 31st March 2021	21.40

4. Covid-19

4.1 The current forecast effect on the Council's 2020/21 revenue outturn due to the effects of Covid stands at £31,334k gross. Funding of £15,884k has so far been received from MHCLG net of £380k attributable to the 2019/20 financial year and a contribution of £3,660k is anticipated from Blackpool CCG for Enhanced Hospital Discharges. In addition, it is estimated that £8,875k will be received from MHCLG in respect of the Sales, Fees & Charges compensation scheme. These leave a residual pressure to the Council of £2,915k. This is consistent with the £3,045k pressure shown in the Council's Covid financial monitoring Round 10 return to MHCLG taking into account the non-General Fund pressures of capital expenditure, Dedicated Schools Grant, Housing Revenue Account and Collection Fund. It also compares reasonably to the £3,581k unrecovered element arising from the Sales, Fees & Charges compensation scheme.

4.2 For completeness the table shown in Appendix 4 shows all the Government Covid-related funding support announcements totalling £160.11m as at the end of January 2021.

5. Budget Savings

5.1 Appendix 5 comprises a summary schedule showing the progress made by directorates in achieving their revenue budget savings targets for 2020/21 which total £19.65m. As at 31st January 2021 82% of the 2020/21 savings target has been delivered.

6. Collection Rates

6.1 Council Tax

At the end of month 10 the amount collected for Council Tax (excluding Police and Fire precepts) was £50.0m and the collection rate was **83.1%.** This compares to £48.9m and 86.1% at the same point in 2019/20. The amount collected has risen by £1.1m which is mainly due to increases in both the Council Tax rate and base being offset by the impact of Covid, primarily deferred payments and revised instalment arrangements.

In the light of the reductions in discount and the introduction of the Local Council Tax Reduction Scheme the target collection rate is still 97.5% over a 4-year collection period as approved on 30th January 2020 as part of the setting of the Council Tax Base for 2020/21.

6.2 Council Tax Reduction Scheme (CTRS)

The Council Tax Reduction Scheme was introduced on 1st April 2013. The Scheme ensures that support to pensioners continues at existing levels. Working-age claimants are means-tested to establish entitlement and a percentage reduction (currently 27.11%) is applied at the end of the assessment to establish the level of support provided. From 1st April 2017 the scheme was amended so that certain vulnerable groups would have the 27.11% reduced to 13.56%. The scheme was also amended from 1st April 2018 to provide additional support for low income groups of claimants (in receipt of Income Support, Income-Based Jobseekers Allowance or Income Related Employment Support Allowance) by amending the percentage reduction applied to their award from 27.11% to 13.56%. From 1st April 2019 the scheme was further amended. The Executive approved the provision of additional support by amending the percentage from 27.11% to 13.56% for further low income groups of claimants or partners (in receipt of Jobseeker's Allowance Contribution Based, Main Phase Employment and Support Allowance and are in the Work Related Activity Group, Maximum Universal Credit and neither employed, self-employed or in receipt of any other income which is taken into account when calculating their Universal Credit award such as an Occupational Pension or other unearned income and Universal Credit which includes either the limited capability for work and/or work-related activity). Other claimants will continue to have a 27.11% reduction applied to their award and all applicants who were protected and paid 13.56% under the previous scheme will continue to pay 13.56% when they move to Universal Credit. At its meeting on 20th January 2020, the Executive approved that the reduction applied to working-age claimants under the 2020/21 Scheme remained the same as the 2019/20 Scheme. These have the effect of reducing the amount to be collected.

At the end of month 10 the amount collected (excluding Police and Fire precepts) in respect of the Council Tax Reduction Scheme and Council Tax for those who have to pay CTRS either for the first time or in addition to a proportion of their Council Tax was £1.72m and the collection rate was **61.7%.** This compares to £2.31m and 61.9% at the same point in 2019/20. The 2020/21 collection rate now reflects the impact of the MHCLG Hardship Fund. It is expected that billing authorities will use the fund to provide all recipients of working age local council tax support ('LCTS') during the financial year 2020/21 with a reduction of up to £150 in their annual council tax bill.

The likely impact for 2020/21 is that the underlying rate of collection of Council Tax Reduction Scheme will be under greater pressure than 2019/20 due to accumulated arrears, limits on the amount that can be recovered from Attachment of Benefits and the impact of Covid.

6.3 Business Rates

Prior to 1st April 2013 Business Rate income was collected by billing authorities on behalf of central government and then redistributed among all local authorities and police authorities as part of Formula Grant. From 1st April 2013 to 31st March 2019 the income relating to Blackpool is shared between central government (50%), the Council (49%) and the Fire Authority (1%). Consequential adjustments were made to the Formula Grant equivalent.

On 13th December 2018 the Ministry of Housing, Communities and Local Government (MHCLG) approved the establishment of a Lancashire-wide 75% Business Rate Pilot Pool (including Blackpool) in 2019/20 to share risk and reward. As part of this, the 50% rate retention scheme increases to 75% and authorities in the pool will forego Revenue Support Grant. The value of the Revenue Support Grant was taken into account when revised business rate tariffs and top-ups for the pilot authorities were set. The Government also increased the Safety Net from 92.5% to 95% for the new pilot pools. Consequently, from 1st April 2019 the income relating to Blackpool is shared between central government (25%), the Council (73.5%) and the Fire Authority (1.5%).

From 1st April 2020 the Pilot scheme ceased and the percentage shares and Safety Net reverted back to the previous original shares. Revenue Support Grant was also reinstated.

At the end of month 10 the amount collected for Business Rates was £14.2m and the collection rate was **77.1%.** This excludes the significant s31 'Extended Retail/Nurseries etc' relief provided by central government. This compares to £40.5m and 83.4% at the same point in 2019/20. The main impact is due to Covid.

From April 2014 Business Ratepayers have been entitled to elect to pay by 12 monthly instalments instead of over 10 months. This has allowed businesses more time to pay. In the current circumstances no business rate summonses were issued in the 10 months to the end of January 2021.

Subject to audit, the Business Rate cumulative surplus as at 31st March 2020 was £3,619k. The Council's share of this is £2,490k (£695k @ 49% + £2,924k @ 73.5%).

7. Capital Monitoring Performance

7.1 All active capital schemes have been included within Appendix 6. The purpose is to present the overall position of capital spend. The schemes are shown individually where total scheme budget is greater than £500k and grouped as "other schemes" otherwise. As in previous financial years the emphasis regarding capital monitoring will be on scheme variance rather than in-year progress since many schemes cross financial years such as the major housing developments. Therefore, some degree of flexibility for the management of slippage is necessary in order to balance the overall capital programme each year to the funding allocations available.

7.2 The report includes the capital programme as approved by the Executive in February 2020. The month 10 report includes this data for comparative purposes. Future reports may show further changes in the capital programme, representing schemes that were approved after submission of the 2020/21 capital programme.

7.3 As at month 10 an overspend of £1.8m on capital schemes is anticipated. Following the announcement that Marcus Worthington and Company Limited and its subsidiary company, Hollinwood Homes Limited, have gone into administration, the Council is working with the appointed administrators, PwC, and partners to develop options for the Foxhall Village scheme. The reported overspend of £1.8m reflects the current optimistic estimate subject to ongoing negotiations with the administrators and partners including Homes England.

8. Summary Cash Flow Statement

8.1 As part of the reporting format for this financial year a summary cash flow statement is included at Appendix 7. This provides a comparison of the actual cash receipts and payments compared to forecast for 2020/21.

8.2 During the first 10 months of the year, the Council's net cashflow has resulted in fluctuations in short-term net investment/borrowing balances. This is as a result of the receipt of the £59m Business Support grant that was received in April 2020 and additional Covid grants received during the year including further business support grants. The Council is predominantly using temporary borrowing to finance Prudentially-funded capital expenditure, though is switching to fixed Public Works Loan Board loans as and when opportune to do so.

8.3 The uptake from the Business Loans Fund is expected to continue steadily during 2020/21.

9. Summary Balance Sheet

9.1 In order to provide a complete picture of the Council's financial performance Appendix 8 provides a snapshot of the General Fund balance sheet as at the end of month 10. The key areas of focus are any significant movements in debtors, cash and cash equivalents, bank overdraft and creditors as these impact upon the Council's performance in the critical areas of debt recovery, treasury management and Public Sector Payment Policy.

9.2 Over the 10-month period there has been an increase in Property, Plant and Equipment of £34.7m due to capital expenditure which is in line with the Council's approved capital programme for 2020/21. There has been a decrease in Cash and Cash Equivalents of £16.5m due to the timing of capital grants

10. Conclusions and Recommendations

10.1 Over the 10-year period 2011/12 – 2020/21 cumulative Revenue Budget savings amounting to £166m have been required to be made by Blackpool Council. This is greater than the Council's current annual Net Requirement Budget of £142m and even more starkly the compound effect over the same period amounts to £996m of resource that has been removed from the Blackpool economy. This reflects one of the highest cuts per head of population across local authorities in England and in an environment of growing demands upon services as befalling an authority with such recognised pockets of significant deprivation.

10.2 The principles of the Medium-Term Financial Sustainability Strategy 2016/17 – 2021/22 are still valid and have been used to successfully keep apace with and deliver budget savings plans year after year. However, in tandem the soaring demand for child protection services and the rising costs of providing care for looked after children are still creating a crippling burden that current levels of local taxation and Government funding struggle to meet. In addition, the financial consequences of Covid have been immense but so far the Government has been making good with its promises of financial recompense.

10.3 Over the last 10 years of Government funding cuts Blackpool Council has consistently:

- delivered its annual budget in line with statutory requirements
- maintained its reserves and balances at stable and appropriate levels that reflect the risk environment, indeed increasing them further in 2019/20 by £5m despite the financial pressures faced in that year
- improved its income collection rates.

Most importantly and despite this backdrop it has consistently funded and delivered the ambitions of successive administrations.

10.4 The full-year forecast position at the end of month 10 of 2020/21 shows a marked improvement in the Council's financial standing when compared with the draft unaudited position as at the close of 2019/20. Working balances are expected to increase by the current forecast underspend of £9,072k after taking account of an overspend of **£2,915k** which is Covid-related.

10.5 The Council's Revenue Budget for 2020/21 set a target level of General Fund working balances of around £6m. Despite the circumstances it is still deemed appropriate to maintain this target level of £6m for working balances for the medium term and every endeavour has been made to deliver this and more. Earmarked revenue reserves at the start of the financial year stood at a record high of £48,041k, though with known in-year commitments against this the balance will fall to an estimated £21,399k by the end of the year. This should still be sufficient to underwrite the current year's financial risks with a separate financial plan in place for the Council's wholly-owned companies (ref. appendix 3m). It is hoped that by the end of the financial year there will be sufficient clarity regarding Covid and future funding policies for local government to enable a refresh of the medium-term financial sustainability strategy together with an updated medium-term financial plan of another 6 years' horizon.

10.6 The next report to the Executive will be at outturn. A considerable amount of work will need to be undertaken prior to that relating to understanding the impact of sundry debtor income, rent arrears, council tax and business rates, provisions for bad debts and appeals and accounting for stock adjustments e.g. personal protective equipment (PPE).

10.7 If the 2020/21 forecast position became the actual outturn, then in accordance with the Council's Financial Procedure Rules within its Constitution the forecast revenue outturn 2020/21 within this report contravenes neither of the two specific conditions that excess spending does not:

1. exceed 1% (= £5m) of the authority's total gross revenue expenditure; or

2. have the effect of reducing the authority's Working Balances below 50% of their normal target level (= £3m).

But these are unprecedented times for the whole of local government and in the context of relatively healthy levels of Earmarked Revenue Reserves per CIPFA's Financial Resilience Index and with 2 months of the financial year still remaining officers are working continuously to maintain the position - revised service and financial plans are still underway, including the review of technical accounting treatments, freezing of non-essential spend, use of earmarked reserves and delays to filling non-front line vacancies. This year's budget has been formulated to protect Children's Social Care and reinstate working balances in anticipation of the next Spending Review whilst maintaining the capacity and resource to address the consequences of the Covid pandemic.

10.8 The Executive is asked:

i) to note the report;

ii) to continue to lobby central government (HM Treasury, Ministry of Housing, Communities & Local Government, Department for Transport, Department for Digital, Culture, Media & Sport, Department for Business, Energy & Industrial Strategy and Department for Education in particular) along with local authority peers and networks and the Local Government Association for the funding necessary to cope with the demands and new burdens presenting as a result of both Covid and within Children's Services; and

iii) to require the respective directors and Director of Resources to continue to closely monitor and manage service financial and operational performances, specifically Growth & Prosperity, Strategic Leisure Assets and Children's Services and also the 3 Wholly Owned Companies that are facing the biggest impact from the Covid pandemic, namely Blackpool Transport Services (BTS), Blackpool Entertainment Company Limited (BECL) and Blackpool Operating Company Limited (BOCL).

Steve Thompson
Director of Resources
5th March 2021