

# **Audit & Governance Committee**

## **28 September 2020**

### **Q1 Financial Management Report**

Choose an item.

**Portfolio Holder:** Cllr G Suttle, Economic Growth and Skills

**Local Councillor(s):** N/A

**Executive Director:** Aidan Dunn, Executive Director, Corporate Development

Report Author: Jim McManus  
Title: Q1 financial management report  
Tel: 01305 221235  
Email: jim.mcmanus@dorsetcouncil.gov.uk

**Report Status:** Public

#### **Recommendation:**

That the Committee notes the outturn for 2019/20 and raises any questions or challenges that it may have regarding the forecast position for 2020/21.

#### **Reason for Recommendation:**

The Committee's terms of reference refer to "the Council's risk management framework including the internal control environment, integrity of financial reporting and governance arrangements".

Effective financial management is a cornerstone of this responsibility and understanding and challenging the quarterly financial management reports to Cabinet supports this.

#### **1. Executive Summary**

Dorset Council's governance arrangements involve review of the quarterly financial management reports by the Audit & Governance Committee after they have been received by Cabinet.

This report covers the Qtr1 report that was presented to Cabinet on 28 July 2020.

The Cabinet report is attached as Appendix 1. Members may also wish to refer to minutes of the Cabinet meeting for further information regarding the discussion of the report.

## **2. Financial Implications**

The Cabinet paper reports an overspend of just under £5m for 2019/20, which was funded from reserves. Audit & Governance Committee will receive a fuller outturn report alongside the statement of accounts for approval at its November meeting.

The report also forecasts an overspend of £43m on Council budgets in 2020/21. The report explains how the majority of the overspend is attributable directly to COVID, but there are also some non-COVID related factors. Attached at Appendix 2 is a summary of the position.

The Dedicated Schools Grant (DSG) is not a financial management responsibility for local tax payers, as Regulations clarify that this falls to the Department for Education.

However, the Council is carrying the cumulative overspend on DSG of £21.8m as a negative reserve in its balance sheet. A further overspend of £18m is predicted this year.

The narrative around key variances, risks and actions is set out in the Cabinet paper and is therefore not repeated here.

## **3. Climate implications**

N/A

## **4. Other Implications**

None identified.

## **5. Risk Assessment**

Having considered the risks associated with this decision, the level of risk has been identified as:

Current Risk: High

Residual Risk: High

There are significant assumptions and risks in the forecast. The position is still very volatile and much of that is set out in the Cabinet report.

The key risk is that the impact of Covid19 is sustained and not only does this materially impact upon our current reserves, but also makes the budget strategy and MTFP extremely challenging.

## **6. Equalities Impact Assessment**

N/A

## **7. Appendices**

Cabinet financial management report 28 July 2020

## **8. Background Papers**

None

### **Footnote:**

Issues relating to financial, legal, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.

## Appendix 2

As at end of Quarter 1 2020/21

Directorate	Net Budget	Forecast Outturn	Forecast (Overspend)/ Underspend		Covid 19	BAU & Savings
	£k	£k	£k	%	£k	£k
People - Adults	122,890	136,042	(13,151)	(10.70%)	(6,840)	(6,311)
People - Children's	74,240	81,743	(7,503)	(10.11%)	(6,479)	(1,025)
Place	68,831	85,054	(16,223)	(23.57%)	(14,583)	(1,640)
Corporate Development	25,303	27,615	(2,312)	(9.14%)	(1,215)	(1,097)
Legal & Democratic Services	7,213	11,214	(4,001)	(55.48%)	(3,750)	(252)
Public Health	0	0	0	0.00%	0	0
Total Service Budgets	298,477	341,668	(43,191)	(14.47%)	(32,867)	(10,325)
Central Finance	(300,069)	(300,188)	118	(0.04%)	7,397	(7,279)
Whole Authority	(1,592)	41,480	(43,072)		(25,470)	(17,603)