

Appendix A2

2020/21 Q2 –

DEPUTY LEADER, STRATEGIC FINANCE & COVID-19 RECOVERY

Key Activities Q2

Develop and implement plans for the UK's exit from the European Union in order to minimise any negative impacts to the council and its community and also maximise the benefits of any opportunities for the Island that arise from it

The Brexit Impact Group's responsibilities are now a sub-set of the overall Covid-19 Recovery cell to assess the broader economic impacts to the Island. A developed action plan is in place concentrating on key areas that could impact the Isle of Wight both immediately after Brexit and in later months and years.

The group liaise with the IW Chamber of Commerce to ensure that local businesses can be as prepared as possible.

As the government is not going to seek any extension the end of the transition period will be the end of 2020. Strategic Co-ordinating Group for the Local Resilience Forum will reconvene shortly after being delayed because of the coronavirus pandemic response. The likelihood is that the UK will leave the EU on a World Trade Organisation basis

Deliver the savings plan necessary to achieve an annual balanced budget. Ensure the council's planned expenditure is ultimately no greater than its expected income and that it has a sound approach to financial decision making. Continually review further options for efficiency savings, expenditure reductions and income growth, including a review of tax revenues as part of the budget management process.

Service boards take place monthly within directorates to review the latest forecast financial position.

At the end of September 2020, we are forecasting an approximate £6.5 million net pressure by the end of the 2020/21 financial year, of which £7 million is directly related to the coronavirus pandemic but offset by non Covid-19 related variances of £0.5 million.

We are currently forecasting a shortfall of around £7.2 million in income for the year 2020/21 based on estimates of the impact of Covid-19. The government have introduced a Sales, Fees and Charges Compensation Scheme and it is currently estimated that we could recover circa. £3 million from this scheme to partially offset the deficit.

The capital programme indicates a forecast outturn of £23.1 million against a revised total budget of £35 million. The significant reprofiling of capital budgets reflects the 'on hold' period prior to the deficit reduction strategy being approved as well as the known impacts of Covid-19 on suppliers and contractors. However, it is likely that further delays will require further reprofiling later in the year. Forecasts for spend are therefore likely to be reduced further as the year progresses.

See separate appendices for a more detailed revenue and capital budget monitor.

Strategic Risks

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|--|---------------------|----------------------|---|---------------------------------------|---------------|
| Brexit - Uncertainty during transition period, followed by potential legislative, funding and policy changes after the UK leaves the EU may adversely affect the council and its ability to provide services. | | | Assigned to: Chief Executive | | |
| Inherent score | Target score | Current score | Previous scores | | |
| | | | Jun 20 | Mar 20 (pre-pandemic response) | Feb 19 |
| 16 RED | 6 GREEN | 12 RED | 12 RED | 12 RED | 12 RED |
| No change to risk | | | | | |

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|--|---------------------|----------------------|---|---------------------------------------|----------------|
| Lack of financial resource and the ability to deliver the council's in-year budget strategy | | | Assigned to: Director of Finance and Section 151 Officer | | |
| Inherent score | Target score | Current score | Previous scores | | |
| | | | Jun 20 | Mar 20 (pre-pandemic response) | Feb 19 |
| 16 RED | 5 GREEN | 14 RED | 3 GREEN | 7 AMBER | 7 AMBER |
| Risk score increased | | | | | |

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|---|---------------------|----------------------|---|---------------------------------------|---------------|
| Lack of financial resource and the ability to deliver the council's medium-term financial strategy | | | Assigned to: Director of finance and section 151 officer | | |
| Inherent score | Target score | Current score | Previous scores | | |
| | | | Jun 20 | Mar 20 (pre-pandemic response) | Feb 20 |
| 16 RED | 9 AMBER | 16 RED | 16 RED | 13 RED | 13 RED |
| No change to risk | | | | | |