



# Financial Resilience in Local Government

**Paul Dossett**

Partner – Head of Local Government



# Financial position – pre Covid-19

Deteriorating over a number of years with overspends on demand led services such s

- Children's social care
- Adult social care
- homelessness

Reserve levels

- Reducing year on year
- Impact of Dedicated Schools Grant deficit

# Financial position – during 2020 and beyond

Covid-19 impact on original budget but costs largely funded and 20/21 outturn in reasonable place for most councils

loss of income across a range of activities. Some good support for collection fund (albeit there are concerns into the medium term) but other forms of income- eg investments not supported by Government

Concerns about 21/22 budget and medium term resilience post Covid 19

Introduction of CIPFA Financial Management Code in 21/22 provides a framework for ensuring strong financial governance

# Other matters

Treasury management

Increase in borrowing and affordability

Flexible use of MRP

New company structures

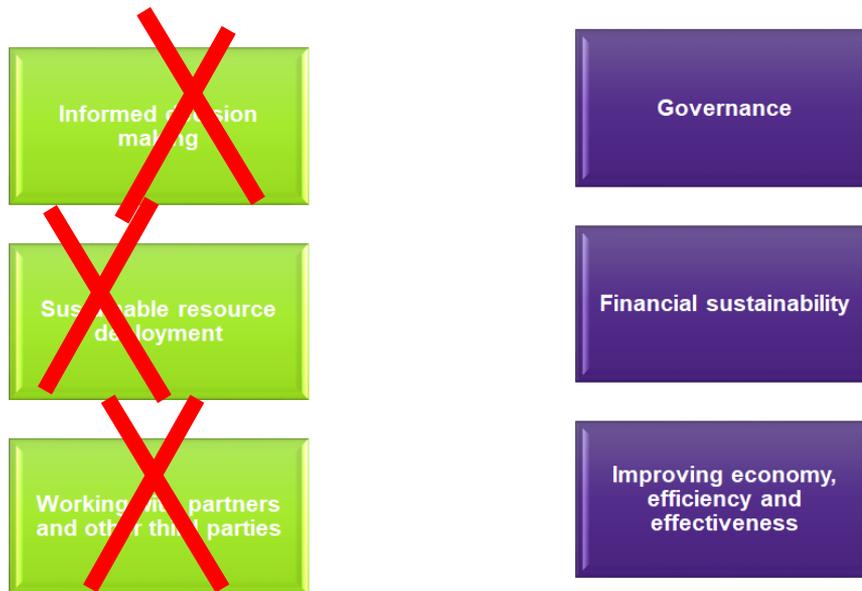
# Governance common themes

## Missed opportunities – financial position

- Budget outturn reports setting out overspends and also corporate adjustments
- Budget setting reports showing increasing reliance on savings and income generation
- Not responding to audit concerns. There were two Public Interest Reports in 2016 where Financial Governance was at the heart of the issue.

# Value for Money

## The three criteria have changed...



# Key themes to take away

- Financial Resilience is fragile in the sector- - short term solutions will not work – Companies and complex investment are not the solution
- Strong governance is crucial – we need stronger audit committees and scrutiny – the Nolan Principles need reinforcing with councillors
- The impact of borrowing on the General Fund into the medium and longer term is a concern. We see too many councils where MRP is well under 2%.



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