

Bwrdd Gweithredol 21^{ain} Medi 2020

Adroddiad Monitro Cyllideb Refeniw y Cyngor

Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

Sicrhau bod y bwrdd yn derbyn yr adroddiad Monitro Cyllideb ac yn ystyried y sefyllfa cyllidebol a'r camau cywirol priodol.

Mae gorwariant sylweddol posibl o hyd ar lefel adrannol. Dylai'r Prif Swyddogion a'r Penaethiaid barhau i adolygu eu sefyllfaoedd cyllidebol yn feirniadol a pharhau i roi ar waith bob gweithrediad priodol angenrheidiol, er mwyn cadw o fewn yr adnoddau a ddosbarthwyd, fel mater o frys.

Y Rhesymau:

I ddarparu'r newyddion i'r Bwrdd Gweithredol ynglyn a sefyllfa diweddaraf cyllideb 2020/21, ar 30^{ain} Mehefin 2020.

Ymgynghorwyd â'r pwyllgor craffu perthnasol: AMHERTHNASOL

Angen i'r Bwrdd Gweithredol wneud penderfyniad OES
Angen i'r Cyngor wneud penderfyniad NAC OES

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:-

Cyng. David Jenkins

Y Gyfarwyddiaeth:
Gwasanaethau Corfforaethol

Enw Cyfarwyddwr y
Gwasanaeth:
Chris Moore

Awdur yr Adroddiad:
Randal Hemingway

Swyddi:

Cyfarwyddwr y Gwasanaethau
Corfforaethol

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EXECUTIVE SUMMARY

Executive Board

21st September 2020

The revenue budget monitoring reports for the period to 30th June 2020 are attached and indicate that:

COUNCIL FUND REVENUE ACCOUNT (Appendix A)

Overall, the monitoring report forecasts an end of year overspend of £7,400k on the Authority's net revenue budget with an overspend at departmental level of £8,000k.

This unprecedented position is due to a combination of additional irrecoverable costs due to Covid-19 activity, foregone income from closed services which may not be fully recompensed by Welsh Government (WG) and planned savings proposals which have been undeliverable due to the pandemic.

Members should note that this forecast does not include any allowance for a reduction in Council Tax collection. Whilst Carmarthenshire experienced a marked reduction in payments during the first quarter, it is not clear how much of this is due to financial hardship of residents versus the restrictions of lockdown. This area is being monitored closely by the Director of Corporate Services as every 1% reduction in collection is worth nearly £1m.

The full year forecast includes known financial positions up to the point of writing as well as assumptions of future levels of WG Covid-19 funding. As such, figures are acutely sensitive to changes in these assumptions. Currently the Authority is submitting a monthly hardship claim for additional Covid-19 expenditure. The majority of costs are being refunded, though some are deemed ineligible and it is not clear how long this funding mechanism will continue. Likewise, WG have confirmed recompense of some key areas of lost income such as waste, leisure, culture, parking and school meals for April – June, though again the full picture is unclear at present. On 17th August, WG announced an additional £260m financial support for Local Authorities, taking the total support to around half a billion pounds, however detail of what is included or deemed ineligible is not yet clear.

Broadly it is assumed that services will gradually return to normal activity levels over the course of the financial year and that WG support for additional costs reduces over time. Specifically, no provision is made for additional costs or further loss of income from either a localised lockdown or second wave over the winter months. Where such assumptions have been made, these are provided in the commentary against specific budget variances within Appendix A.

Chief Executive's Department

The Chief Executive Department is anticipating an overspend of £247k for the year. This is made up of a £774k overspend due to rent holidays granted to tenants of the council's commercial properties, which it is assumed will only be partially funded by WG, offset by underspend on Member expenses and staffing savings from vacant posts across the department. £637k net underspend on operational budgets.

Operational budgets

The Chief Executive's section is anticipating an underspend of £57k, primarily due to vacant posts.

There is an anticipated £19k overspend in the People Management section. £28k underspend relates to supplies and services costs, offset by £43k shortfall in income target, partially due to Covid-19 restrictions.

The ICT & Corporate Policy section are anticipating a £159k underspend largely due to part year vacant posts within the division.

Admin and Law are anticipating an underspend of £144k. Members expenses are underspent (£97k), there is additional income from Joint Committees (£37k) and Legal Services have some staffing vacancies (£49k). Offset against this is a shortfall in Land Charges income – it is forecast that £100k will be lost but only half recovered from WG.

The Marketing and Media section are anticipating a £66k net underspend, made up of an overspend of £130k within Marketing and Media on salary costs pending a staffing review within the whole division (19-20 saving proposal), and also a loss of income streams from external partners such as ERW. Potential alternative income streams are currently being sought. This is offset by an underspend on staffing costs in the Customer Services Centres, Translation Unit and Yr Hwb. These will all form part of the divisional staffing review.

Within Statutory Services, income from Registrars is down £40k, offset by underspends in Electoral Services and Coroners.

The Regeneration division is anticipating a £676k overspend for the year. This is made up of an overspend of £774k from the council's commercial and industrial properties due to short term rent holidays which it is assumed are only partially funded by WG, with small offsets from staffing and supplies and services.

Department for Communities

The Department for Communities is projecting a £1,686k overspend for the year. Older People's budgets along with Physical Disabilities account for the majority of the overspend with underspends forecast within Learning Disabilities. Social care teams have prioritised the safe delivery of key services, meaning that the department has been unable to progress many of the planned savings proposals. Additionally, WG have deemed pay enhancements agreed locally for frontline staff to provide resilience as ineligible for funding. However, the budget position is highly uncertain with eligibility for grant funding and demand changing rapidly since June.

Older People's budgets are £917k overspent, of which £728k is identified as temporary pay enhancements to provide resilience during the pandemic which WG have deemed ineligible for hardship funding. There are significant movements between budget lines due to the closure of day services at the start of the Pandemic.

Physical Disabilities services are forecasting a £989k overspend, the budget position is volatile with considerable uncertainty regarding grants eligibility and future demand.

In Learning Disability services, there is an underspend of £785k. At the start of the pandemic, day services were closed, and community services reduced significantly, reducing expenditure in this area. Whilst alternative support measures were put in place, the costs are shown in other budgets.

The overspend in Mental Health of £321k is largely due to a lower health contribution for joint packages than budgeted. However, this reflects delays in joint working through Covid-19 and may be recovered.

Leisure & Culture Services are predicting a £150k overspend, though this area is particularly sensitive to assumptions around future demand and the recovery of lost income from WG. There are forecasts of overspends across leisure centres due to lost income which it is assumed is not fully recovered. This is offset by some underspends in specific budget areas as activities which ordinarily run at an operating deficit have been reduced.

Corporate Services

The Corporate Services Department is projecting a £55k overspend for the year, though this is made up of much larger variances.

The budget for Council Tax Reduction Scheme is forecast to be £1,047k overspent due to exceptional increased demand, of which it is assumed only 50% is funded by WG (this remains a live discussion at the time of writing). This is almost fully offset by reductions in pre LGR costs, efficient recovery of rent allowance overpayments and vacancies across the department. There is also £60k of net additional income from services provided to M&WWFA and WPP.

Department for Education and Children

The Department for Education and Children is forecasting a net overspend of £3,538k at year end, of which £1,600k relates to school budgets.

The forecast includes £850k of additional Covid-19 cleaning costs for schools. It is assumed that additional cleaning measures will be required, albeit scaled back, to the end of the financial year, but that the level of WG funding may also reduce.

The other main adverse departmental budget variations relate to: assuming reduced income from Sept to March for the school meals & breakfast service £822k; Special Educational Needs provision £534k; Education Other Than At School £100k; Adoption services due to a specific family placement £90k; Music Service running costs (mainly staff) exceeding the SLA income from schools by £84k; School Modernisation property decommissioning costs £41k; increased staffing costs with Covid-19 enhancement payments in the Children's respite centres £18k.

This is partially offset by staff vacancies, utilisation of additional grants and external income to support core spend (£329k); forecast reduction in redundancy processes due to Covid-19 (£120k); reduced number of out of county placements within children's (£170k).

Schools Delegated Budgets

Schools working budgets are predicting a net overspend in year of approximately £1.6m. This is based on current forecasts and evidence from individual schools budgets submitted, so remains subject to change between now and the end of the financial year as plans develop.

Members should note that budgets do not include any additional Covid-19 safety measures incurred for the safe reopening of schools – such costs have been retained centrally within departmental budgets.

The year-end position 2019/20 resulted in a net deficit on school reserves of £2m which is a significant deterioration from the £373k deficit in 2018/19.

The position is being considered in detail by the Directors in liaison with Portfolio Members, with many meetings between council departments and schools having taken place. It is recognised that in many cases, it will take time to effect the changes necessary to balance individual school budgets, and therefore deficit recovery plans will be agreed on a school by school basis.

Environment

The department is anticipating an overspend of £2,475k for the financial year, largely due to lost income due to Covid-19 across parking and property maintenance, combined with new PPE requirements which it is assumed may not be fully funded by WG.

The Waste and Environmental Services division is projecting a £197k overspend. This is due to additional social distancing measures and sickness/shielding cover in waste collection, offset by savings from the delay to the AHP collection service (total £124k) as well as underachievement of income against budget on Sustainable Drainage Approval (£87k).

Highways and Transportation are anticipating a £1,016k overspend for the year. This is due to a loss of income in parking services (annual target income £3.3m) which it is assumed is only partially recovered from WG.

Planning Division is anticipating a £303k overspend for the year, largely accounted by a reduction in income due to Covid-19. It is not yet clear the extent to which applications are reduced versus merely delayed.

The Property Division is anticipating an £717k overspend due to the operational impact of Covid-19 on the service. This service normally operates on a cost recovery model, therefore the budget is highly sensitive to the effects of sickness absence, shield or productivity changes.

Additional PPE costs have been forecast of which it is assumed that £225k may be unrecoverable from WG. Currently WG are making central provision for common social care service needs, however the authority has needed to procure significant additional PPE for other services (schools PPE costs are shown within education) as well as a strategic reserve against the risk of market changes. This budget will be particularly sensitive to the assumptions made and any policy change on face coverings.

HOUSING REVENUE ACCOUNT (Appendix B)

The HRA is predicting to be underspent by £2,193k for 2020/21. Repairs and Maintenance is likely to be underspent by £2,443k. Budget managers are predicting underspends on Responsive (£740k), Minor Works (£1,586k) and Voids (£118k). This is a result of a general reduction in demand due to Covid-19, with only emergency and legislative servicing being undertaken in quarter 1. Gold Command approved returning to deliver minor works at their meeting on 16th July 2020. Barriers to effective delivery include contractors who have furloughed staff and may be reluctant to bring staff out of furlough without a guaranteed pipeline of work. Additionally, several operatives within Property Maintenance are shielding due to their own/family underlying health issues, supply chain issues with certain materials e.g. Gypsum products (plaster/plasterboards), aggregate products e.g. concrete blocks (local supplier in administration). Furthermore, tenants may be reluctant to allow tradespeople to work at their properties due to potential transmission. No inspections have taken place for 4 months and will need to recommence to build up a pipeline of work. Inspectors have been and continue to be redeployed on other projects (e.g. PPE/School reopening) and introduction of safe systems of work.

Supervision & Management is projecting an underspend of £93k mainly due to staff related costs and supplies. Recharges are predicted to be overspent by £219k. Capital financing charges will be £485k less than budgeted due to a reduction in previously forecast interest rates and an underspend on the capital programme.

Income (inclusive of rents) will be under target by approximately £609k. Made up predominantly of less than budgeted rental income of £585k, and underachievement of commission on sales relating to the collection of water rates £47k.

Lists of the main variances are attached to this report.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: **Chris Moore**

Director of Corporate Services

Policy, Crime & Disorder and Equalities NONE	Legal NONE	Finance YES	ICT NONE	Risk Management Issues NONE	Staffing Implications NONE	Physical Assets NONE
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1. Finance

Council Fund

Overall, the Authority is forecasting an overspend of £7,400k at this point in time. The Authority will monitor this position going forward with Directors controlling and limiting spend wherever possible. Clarity over the continued level of additional funding from WG will be critical to the potential out-turn position.

HRA

The HRA is predicting to be underspent by £2,193k for 2020/21.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: **Chris Moore**

Director of Corporate Services

1. Scrutiny Committee – Not applicable

2. Local Member(s) – Not applicable

3. Community / Town Council – Not applicable

4. Relevant Partners – Not applicable

5. Staff Side Representatives and other Organisations – Not applicable

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
2020/21 Budget		Corporate Services Department, County Hall, Carmarthen