

Bwrdd Gweithredol 16^{eg} Tachwedd 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.

Yn sgil y gorwariant sylweddol rhagweledig presennol 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, tra'n cydnabod y pwysau mae Covid-19 wedi'i roi ar gyllideb yr Awdurdod yn ei gyfanrwydd.

Y Rhesymau:

I ddarparu'r newyddion i'r Bwrdd Gweithredol ynglyn a sefyllfa diweddaraf cyllideb 2020/21, ar 31^{ain} Awst 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:
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Swyddi:

Cyfarwyddwr y Gwasanaethau
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EXECUTIVE SUMMARY

Executive Board

16th November 2020

The revenue budget monitoring reports for the period to 31st August 2020 are attached and indicate that:

COUNCIL FUND REVENUE ACCOUNT (Appendix A)

Overall, the monitoring report forecasts an end of year overspend of £3,971k on the Authority's net revenue budget with an overspend at departmental level of £4,971k.

This unprecedented position is due to a combination of:

- additional irrecoverable costs due to Covid-19 activity;
- foregone income from services which closed during national lockdown and continue to experience reduced revenue, which may not be fully recompensed by Welsh Government (WG); and
- planned savings proposals which have been undeliverable due to the pandemic.

The full year forecast includes known financial positions up to the point of writing as well as assumptions about the remainder of the year. As such, all figures are acutely sensitive both to changes in the assumptions over inherent Covid-19 related additional costs / foregone income as well as the level of recompense from WG. The current picture is:

Expenditure – the Authority is submitting a monthly hardship claim for additional costs. The vast majority are being refunded, though a small proportion are deemed ineligible – principally where it is deemed that the cost has arisen from a local discretion/decision rather than national policy or unavoidable cost. There are also several months' worth of Free School Meals refunded costs still on hold as dialogue between authorities and WG seek to agree offsetting savings. In August, WG announced a further £260m of financial support for local authorities, however it can only be claimed retrospectively in this way.

Income – WG have now completed the Quarter 1 (April-June) process. Clearly identifiable lost income has been paid in full, however there is still a residual impact from elements such as officer costs not chargeable to grants or capital schemes and school fundraising events cancelled.

At the time of writing, 15 out of 22 Local Authority areas as well as Llanelli are subject to additional Covid restrictions, and the Prime Minister has warned things will be "bumpy through to Christmas" and beyond. This financial forecast therefore broadly assumes a continuation of Covid related expenditure, which is largely met by WG, and a sustained level of income loss for which there is partial – but not full – WG recompense. Where such assumptions have been made, these are provided in the commentary against specific budget variances within Appendix A.

Members should note that this forecast does not include any allowance for a reduction in Council Tax collection. Carmarthenshire experienced a marked reduction in payments during the first quarter, which it is unlikely to fully recover during the year. This area is being monitored closely by the Director of Corporate Services as the current year impact could be in the range £1-2m.

Chief Executive's Department

The Chief Executive Department is anticipating an underspend of £108k for the year. This is made up of a £478k overspend from a combination of partial rent holidays during Q2 not covered by WG and overall reduction in occupancy levels, offset by underspends on Member expenses and staffing savings from vacant posts across the department. (£586k net underspend on operational budgets).

The most significant change from the previous forecast is confirmation from WG of full payment of Q1 rent holidays (vs 50% estimated)

Operational budgets

The Chief Executive's section is anticipating an underspend of £130k, primarily due to vacant posts and an underspend on supplies and services.

There is an anticipated £37k overspend in the People Management section. A £35k underspend relates to supplies and services costs along with a £28k down to less DBS checks being undertaken. This is offset by £50k shortfall in income target, partially due to Covid-19 restrictions along with a £50k overspend on various salary related costs.

The ICT & Corporate Policy section are anticipating a £160k underspend largely due to part year vacant posts within the division.

Admin and Law are anticipating an underspend of £194k. Members expenses are underspent (£142k), there is additional income from Joint Committees (£37k) and Legal Services have some staffing vacancies (£64k). Offset against this is a shortfall in Land Charges income of £57k.

The Marketing and Media section are anticipating a £34k net underspend, made up of an overspend of £118k 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 £56k, offset by underspends in Electoral Services and Coroners leaving a net underspend of £45k within the division

The Regeneration division is anticipating a £417k overspend for the year. This is made up of an overspend of £478k from a combination of partial rent holidays during Q2 not covered by WG and overall reduction in occupancy levels, with small offsets from staffing and supplies and services.

Department for Communities

The Department for Communities is projecting a £899k overspend for the year. Physical Disabilities, Learning Disabilities and Mental Health budgets account for the majority of the overspend, with an underspend forecast within Older People. 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. However, the budget position is highly uncertain with eligibility for grant funding changes as well as the resumption of some services over recent weeks and months. Looking ahead to the rest of the year, the department is likely to be most affected in financial terms by the impact of a second wave.

Older People's budgets are forecasting an underspend of £534k. The most significant change from the previous forecast is that the temporary pay enhancements to provide resilience during the pandemic which WG previously deemed as ineligible for hardship funding will now be met. There are significant underspends forecast for the year due to the reduction of home care delivered, reduced reablement activity and the closure of day services at the start of the pandemic.

Physical Disabilities services are forecasting a £452k overspend. the budget position is volatile with considerable uncertainty regarding grants eligibility and future demand. The demand for Direct Payments has continued from last year. This allows the service user to request this as an alternative to regulated provision.

In Learning Disability services, there is an overspend of £249k. 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 £761k is largely due to increased demand and reduced health contribution for joint packages than budgeted.

Together LD/MH services were significantly changed in response to the pandemic. Further analysis is being carried out by the service to better understand and mitigate adverse financial effects.

Leisure & Culture Services are predicting to breakeven. Whilst there is an ongoing material reduction in income over the year, this change in forecast position is a result of the recovery of lost income now being funded by WG.

Homes & Safer Communities are predicting to breakeven. Overspends caused by underachievement of licensing income are offset by underspends resulting from staff vacancies.

Corporate Services

The Corporate Services Department is projecting a £208k underspend 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 £749k at year end. The most significant change from the previous forecast is on full funding for schools cleaning (see below).

The main adverse budget variations relate to: assumed reduced School Meals and breakfasts income and partial irrecoverable costs from Free School Meal payments £594k; Special Educational Needs provision £276k; Education Other Than At School £86k; National Model for School Improvement - increased contribution to ERW following NPT's withdrawal from the Consortium £68k; Adoption services due to a specific family placement £100k; Music Service running costs (mainly staffing) exceeding the SLA income from schools by £61k; School Modernisation property decommissioning costs £61k; increased direct payments made in relation to disabled children £105k.

A significant change from the previous forecast is that we now assume that the additional schools cleaning which has been implemented will remain at current levels for the rest of the year and be covered in full by WG, which has materially reduced the overspend position by £850k. However, there is new irrecoverable expenditure forecast for face coverings and PPE, totalling £199k. Face coverings purchased for schools following extremely late notice from WG in August are more expensive than the level of grant funding by £99k.

This is partially offset by staff vacancies, utilisation of additional grants and external income to support core spend £364k; fewer children taking up places in early years non-maintained provision settings £96k; forecast reduction in redundancy processes due to Covid-19 £66k; reduced number of out of county placements within children's £236k.

Schools Delegated Budgets

Schools working budgets are predicting a net overspend in year of approximately £2.2m. This has increased by £600k since the previous forecast following further budget submissions from schools but remains subject to change between now and the end of the financial year as plans develop.

Members should note that budgets should not include any significant 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.

Environment

The most significant changes from the previous forecast are improvements to Property Maintenance utilisation and full payment of Q1 lost parking income vs part payment assumed previously.

The department is anticipating an overspend of £1,439k for the financial year, largely due to lost income due to Covid-19 across parking and property maintenance, combined with additional costs within waste services due to Covid-19 to comply with social distancing requirements and sickness cover.

The Waste and Environmental Services division is projecting a £366k 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 £257k) as well as underachievement of income against budget on Sustainable Drainage Approval (£81k) along with additional costs in cleansing (£38k).

Highways and Transportation are anticipating a £678k overspend for the year. This is predominantly due to a loss of income in parking services (annual target income £3.3m) which it is assumed will only be partially recoverable from WG. (£833k). This is offset by £106k saving on vacant posts and other smaller savings.

Planning Division is anticipating a £170k 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 £211k 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.

HOUSING REVENUE ACCOUNT (Appendix B)

The HRA is predicting to be underspent by £3,135k for 2020/21. Repairs and Maintenance is likely to be underspent by £2,945k. Budget managers are predicting underspends on Responsive (£725k), Minor Works (£2,086k), Voids (£112k) and Drains & Sewers (£22k). This is a result of a general reduction in demand due to Covid-19, with only emergency and legislative servicing being undertaken up to the end of August.

Supervision & Management is projecting an underspend of £255k mainly due to staff vacancies (£219k), premises cost (£123k) due to work restrictions and reduced decants, transport costs (£39k) due to reduced visits offset by recharge income (£127k) officers costs not capitalised on projects like Ty Isha. Capital financing charges will be £632k less than budgeted due to a reduction in previously forecast interest rates and an underspend on the capital programme. Officers are currently reviewing these forecast underspends for possible re-assignment to deliver alternative services to tenants.

Income (inclusive of rents) will be under target by approximately £688k. Made up predominantly of less than budgeted rental income of £604k primarily due to void loss, and underachievement of commission on sales relating to the collection of water rates £87k.

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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3. Finance

Council Fund

Overall, the Authority is forecasting an overspend of £3,971k 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 £3,135k 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