

# Y BWRDD GWEITHREDOL

## 22 MAWRTH 2021

### ADRODDIAD MONITRO CYLLIDEB REFENIW Y CYNGOR

#### Yr Argymhellion / Penderfyniadau Allweddol Sydd Eu Hangen:

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

O ran adrannau yn rhagweld gorwariant sylweddol, dylai'r Prif Swyddogion a Phenaethiaid y Gwasanaethau 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 gyfarwydd.

#### Y Rhesymau:

I ddarparu'r newyddion i'r Bwrdd Gweithredol ynglyn a sefyllfa diweddaraf cyllideb 2020/21, ar 31<sup>ain</sup> Rhagfyr 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

22<sup>ND</sup> MARCH 2021

### COUNCIL'S REVENUE BUDGET MONITORING REPORT

The revenue budget monitoring reports for the period to 31<sup>st</sup> December 2020 are attached and indicate that:

#### COUNCIL FUND REVENUE ACCOUNT (Appendix A)

Overall, the monitoring report forecasts an end of year underspend of £1,325k on the Authority's net revenue budget with an underspend at departmental level of £232k.

At a high level this is due to a combination of:

- additional Covid-19 related costs and lost income being largely refunded under the Welsh Government hardship scheme; offset by -
- services paused or reduced due to lockdown measures and social distancing
- staffing vacancies, some of which are not appropriate to recruit currently.

In ordinary circumstances, revenue budget underspends would be seen as favourable, however the details outlined in this report illustrate that this continues to impact front line service delivery as well as the unavoidable reduction/suspension of some preventative services. This, along with any continued delays to the delivery of savings presents a significant risk to future years budgets.

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, the forecast remains acutely sensitive to the assumptions made 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.

Income – We have now submitted Quarter 3 (October-December) claim. To date, lost income is being paid in full except where there is a clear local decision. 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, commencement of the vaccination programme has scaled up significantly. However, other than a return to school for some pupils, lockdown measures remain in place with no clear roadmap to ease them. Despite a significant drop in the Welsh case rate, it remains above the level of 50 cases/100,000 previously set for local lockdowns in every Local Authority area. This financial forecast therefore broadly assumes a continuation of Covid related expenditure, and income loss which is largely met by WG.

Where such assumptions have been made, these are provided in the commentary against specific budget variances within Appendix A.

Members should note that Council Tax collection remains an area of significant concern. Carmarthenshire experienced a marked reduction in payments during the first quarter, which it is unlikely to fully recover during the year. Whilst WG have indicated a funding package, allocated according to RSG, it is anticipated there will still be a shortfall and the bad debt is therefore now reflected within this forecast (within Corporate Services dept).

### Chief Executive's Department

The Chief Executive Department is anticipating an underspend of £702k for the year. This is made up of a £408k overspend due to a reduction in anticipated income from Commercial property, livestock markets, provision markets and Registrars, offset by a net underspend on Industrial Premises, underspends on Member expenses, staffing savings from vacant posts across the department along with savings on utilities costs associated with our Admin Buildings.

### **Operational budgets**

The Chief Executive's section is anticipating an underspend of £155k, primarily due to vacant posts and an underspend on supplies and services.

There is an anticipated £47k net underspend in the People Management section. An underspend of £38k relates to a reduction in supplies and services costs along with a £34k underspend due to less DBS checks being undertaken along with other smaller underspends. This is offset by a £31k overspend on various salary related costs.

The ICT & Corporate Policy section are anticipating a £176k underspend largely due to part year vacant posts within the division pending a team review.

Admin and Law are anticipating an underspend of £214k. Members expenses are underspent (£116k), there is additional income from Joint Committees and HRA of £58k along with a £39k saving on supplies and services. Legal Services also have some staffing vacancies (£33k). This is offset by a shortfall in Land Charges income of £33k.

The Marketing and Media section are anticipating a £116k net underspend, made up of an overspend of £148k within Marketing and Media on salary costs pending a staffing review within the whole division (2019/20 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, Registrars are currently anticipating an income deficit of £109k due to Covid restrictions reducing the number of wedding ceremonies, (although we are awaiting the outcome of a claim to attempt to recover this from WG). This is offset by underspends in Electoral Services and Coroners, allowing the section to anticipate a break even position by year end.

The Regeneration division is anticipating an £8k overspend for the year. This is made up of an overspend of £299k due to a loss of income on Livestock markets, provision markets and Commercial Properties largely due to an overall reduction in occupancy levels. This is offset from savings in utilities costs due to staff working from home of £130k along with continued high occupancy within industrial units despite the pandemic of £122k.

There is also an additional saving of £38k on staffing costs due to a vacant post and maternity leave during the year.

### Department for Communities

The Department for Communities is projecting a £533k 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. The department is currently being affected in financial terms by the impact of a second wave.

Older People's budgets are forecasting an underspend of £376k. 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 £462k 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 £246k. 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 incurred in residential care home placements and direct payments.

The overspend in Mental Health of £443k is due to increased demand.

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 a £245k underspend mainly as the result of employee savings due to in year vacancies and reduced expenditure for casual staff as a result of site closures. Whilst there is an ongoing material reduction in income over the year, the recovery of lost income is being funded by Welsh Government.

Homes & Safer Communities are predicting an £11k underspend. Overspends caused by underachievement of licensing income are offset by underspends resulting from staff vacancies and increased income in Temporary Accommodation.

## Corporate Services

The Corporate Services Department is projecting a £37k overspend for the year.

The budget for Council Tax Reduction Scheme is forecast to be £650k overspent due to exceptional increased demand, of which it is assumed only part will be funded by WG. This is offset by reductions in pre LGR pension 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.

The forecast now builds in a forecast position of a £750k shortfall in Council tax collection which is net of additional WG support which is expected to be received.

## Department for Education and Children

The Department for Education and Children is forecasting a net underspend of £515k at year end.

The main favourable budget variations are from staff vacancies, utilisation of additional grants and external income to support core spend £860k; fewer children taking up places in early years non-maintained settings £56k; part year moratorium on redundancy processes due to Covid-19 £73k; reduced number of out of county placements within Children's Services £236k.

The school meals service is forecasting an overspend of £96k due to minimal income from voluntary contributions to the care element of the breakfast clubs' as limited opening throughout the year and £65k shortfall as some of the Free School Meal payments are only being partially funded by WG.

Special Educational Needs provision in year additional funding to schools is £251k in excess of budget.

Adoption services are forecasting a net £90k overspend which includes a specific one off family placement of £125k.

School Modernisation property decommissioning costs and maintenance of closed school buildings are £55k overspent.

The forecast also includes irrecoverable Covid related expenditure for face coverings and PPE totalling £199k.

## Schools Delegated Budgets

Schools working budgets are predicting a net underspend in year of £120k. This is based on the recent budget monitoring submissions from schools and a number of revised budgets following review and challenge by Department and Corporate Services officers. These remain subject to change between now and the end of the financial year as circumstances change across the 112 schools. Some of the forecasted surplus staffing costs due to redundancies not progressing have been reduced by schools utilising the one off Accelerated Learning Programme grant for these teachers.

Members should note that budgets do 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 current forecast will have a positive impact on the balances brought forward position from 2019/20 of a net deficit on school reserves of £2m which was a significant deterioration from the £373k deficit in 2018/19.

### Environment

The department is anticipating an overspend of £534k for the financial year, largely due to lost income as a result of Covid-19 across parking and property maintenance. This is partially offset by a short term saving on school transport cost due to a reduction in the number of operational days.

The Waste and Environmental Services division is projecting a £195k overspend. The underachievement of income against budget on the Sustainable Drainage Approval service has resulted in a £74k overspend, and Cleansing is estimating a £29k deficit due to additional requirements. There is also an overspend of £99k due to reactive works at Trebeddrod Reservoir.

Highways and Transportation are anticipating a £24k overspend for the year. This is made up of a loss of income in parking services which it is assumed will only be partially recoverable from WG. (£604k), offset by additional income generated within the division consisting of £62k for Streetworks and £80k for Traffic regulation orders. Additional project management costs charged to grants amounted to £86k. There is also a short-term saving on school transport costs of £272k due to less operating days, and a £45k underspend on public rights of way due to Covid restrictions.

Planning Division is anticipating a £137k overspend for the year, largely accounted for by a reduction in income due to Covid-19. It is not yet clear the extent to which applications are reduced versus merely delayed. This income is partially offset by savings due to part time vacancies and maternity leave.

The Property Division is anticipating an £210k overspend due to the impact of Covid-19 on the operational services. This service normally operates on a cost recovery model, therefore the budget is highly sensitive to the effects of sickness absence, shielding and productivity changes.

The Business Support division is anticipating an underspend of £32k largely due to temporarily vacant posts during the year.

## **HOUSING REVENUE ACCOUNT (Appendix B)**

The HRA is predicting to be underspent by £2,937k for 2020/21. Repairs and Maintenance is likely to be underspent by £2,434k. Budget managers are predicting underspends on Minor Works (£2,486k), Drains, Sewers & Grounds (£25k), servicing (£33k) and overspends on voids (£28k) Responsive (£82k). This is a result of a general reduction in demand due to Covid-19, with only emergency and legislative servicing being undertaken for significant periods.

Supervision & Management is projecting an underspend of £632k mainly due to staff vacancies (£580k), premises cost (£62k) due to work restrictions and reduced decants, transport costs (£53k) due to reduced visits, reduced spend on supplies and services (£93k) offset by recharge income (£156k) officers costs not capitalised on projects including Ty Isha. Provision for bad debts will overspend by £48k. Capital financing charges will be £806k 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 £975k. Made up predominantly of less than budgeted rental income of £945k primarily due to void loss, interest on cash balances £108k and underachievement of commission on sales relating to the collection of water rates £66k. We will receive more grant than anticipated of £144k primarily Affordable Housing Grant from Welsh Government.

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 <b>NONE</b>	Legal <b>NONE</b>	Finance <b>YES</b>	ICT <b>NONE</b>	Risk Management Issues <b>NONE</b>	Staffing Implications <b>NONE</b>	Physical Assets <b>NONE</b>
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### Finance

Council Fund

Overall, the Authority is forecasting an underspend of £1,325k 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 £2,937k 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

EXECUTIVE BOARD PORTFOLIO HOLDER AWARE/CONSULTED	YES
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### 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