

Y BWRDD GWEITHREDOL

25ain IONAWR 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.

Yn sgil y gorwariant sylweddol rhagweledig presennol ar lefel adrannol, 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 ddsbarthwyd, 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} Hydref 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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EXECUTIVE SUMMARY

Executive Board

25th January 2021

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

COUNCIL FUND REVENUE ACCOUNT (Appendix A)

Overall, the monitoring report forecasts an end of year overspend of £1,226k on the Authority's net revenue budget with an overspend at departmental level of £2,426k.

This is due to a combination of:

- additional costs due to Covid-19 activity, some of which are disallowed under the Welsh Government hardship scheme
- 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 either reduced or delayed due to the pandemic or may be undeliverable due to current service operations.

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 – WG have now progressed the Quarter 2 (July-September) process. Clearly identifiable lost income has been paid in full, however they are holding items in respect of car parking and leisure centres utilised as field hospitals. 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 just commenced, providing much needed light at the end of the tunnel. However, it is clear that this will provide little or no immediate relaxation to restrictions over the coming winter months, especially with the Welsh case rate high enough to classify the nation as “tier 3” under English restrictions. 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 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 £558k for the year. This is made up of a £356k overspend due to a reduction in anticipated income from Commercial property, livestock markets, provision markets and Registrars, offset by underspends on Member expenses and staffing savings from vacant posts across the department.

Operational budgets

The Chief Executive's section is anticipating an underspend of £151k, primarily due to vacant posts and an underspend on supplies and services.

There is an anticipated £14k underspend in the People Management section. A £41k underspend relates to supplies and services costs along with a £34k underspend due to less DBS checks being undertaken. This is offset by £10k shortfall in income target, partially due to Covid-19 restrictions along with a £51k overspend on various salary related costs.

The ICT & Corporate Policy section are anticipating a £173k underspend largely due to part year vacant posts within the division pending a team review.

Admin and Law are anticipating an underspend of £254k. Members expenses are underspent (£145k), there is additional income from Joint Committees of £25k along with a £45k saving on supplies and services. Legal Services also have some staffing vacancies (£83k). Offset against this is a shortfall in Land Charges income of £43k.

The Marketing and Media section are anticipating a £135k net underspend, made up of an overspend of £143k 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, Registrars are incurring additional staff costs to recover delays - £76k overspend. It is assumed that WG will fund any income shortfall, though this is currently deemed by WG to be merely deferred. This is offset by underspends in Electoral Services and Coroners leaving a net underspend of £14k within the division

The Regeneration division is anticipating a £182k overspend for the year. This is made up of an overspend of £280k 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 partially offset from savings on staffing and supplies and services.

Department for Communities

The Department for Communities is projecting a £911k 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 £7k. 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 £334k 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 £148k. 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 homes and direct payments.

The overspend in Mental Health of £448k 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 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 a £22k 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 £451k underspend for the year, though this is made up of much larger variances.

The budget for Council Tax Reduction Scheme is forecast to be £889k 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.

Department for Education and Children

The Department for Education and Children is forecasting a net overspend of £12k at year end.

The main adverse budget variations relate to: assumed reduced School Meals and breakfasts income and partial irrecoverable costs from Free School Meal payments £210k; Special Educational Needs provision £226k; Education Other Than At School £70k; Adoption services due to a specific family placement £125k; School Modernisation property decommissioning costs £55k; irrecoverable Covid related expenditure for face coverings and PPE totalling £199k.

A significant change from the previous forecast is a reduction in the forecasted overspend for School Meals due to revised forecasts based on loss of income from Welsh Government continuing to the 31st March as per guidance.

The overspends are offset by staff vacancies, utilisation of additional grants and external income to support core spend £511k; fewer children taking up places in early years non-maintained settings £55k; part year moratorium on redundancy processes due to Covid-19 £113k; reduced number of out of county placements within Children's £211k.

Schools Delegated Budgets

Schools working budgets are predicting a net overspend in year of £1.5m. This has reduced by £700k since the previous forecast following budget monitoring submissions from schools and revised budgets following review and challenge by Department and Corporate Services officers. Some of the forecasted surplus staffing costs due to redundancies not progressing have been reduced by schools utilising the one off ALP grant for these teachers. These remain subject to change between now and the end of the financial year as plans develop and circumstances change across the 112 schools.

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 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 department is anticipating an overspend of £1,016k for the financial year, largely due to lost income as a result of Covid-19 across parking and property maintenance, combined with additional costs within waste services again as a result of Covid-19.

The Waste and Environmental Services division is projecting a £266k overspend. There are additional blue bag requirements due to HWRCs closed from March until end of May therefore more kerbside blue bags used and cans and paper removed from community recycling centres, however this is offset by savings from the delay of the implementation of the AHP collection service (net total £162k). The underachievement of income against budget on the Sustainable Drainage Approval service has resulted in a £68k overspend and Cleansing is estimating a £47k deficit due to additional requirements. There is also an overspend of £74k due to reactive works at Trebeddrod Reservoir. This is offset by a £45k surplus on green waste services due to an increased take up of the service, along with other smaller underspends.

Highways and Transportation are anticipating a £393k overspend for the year. This is due to a loss of income in parking services which it is assumed will only be partially recoverable from WG. (£634k). This is offset by additional income generated within the division, £131k for Streetworks and £40k for Traffic regulation orders, savings on vacant posts and additional project management costs charged to grants.

Planning Division is anticipating a £129k overspend for the year, largely accounted for by a reduction in income due to Covid-19. It is not year clear the extent to which applications are reduced versus merely delayed.

The Property Division is anticipating an £240k 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 £2,784k for 2020/21. Repairs and Maintenance is likely to be underspent by £2,755k. Budget managers are predicting underspends on Responsive (£373k), Minor Works (£2,436k), Drains, Sewers & Grounds (£27k) and an overspend on voids (£81k). 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 £418k mainly due to staff vacancies (£389k), premises cost (£45k) due to work restrictions and reduced decants, transport costs (£53k) due to reduced visits offset by recharge income (£75k) officers costs not capitalised on projects including Ty Isha. Provision for bad debts will overspend by £61k. Capital financing charges will be £791k 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 £1,111k. Made up predominantly of less than budgeted rental income of £954k primarily due to void loss, interest on cash balances £105k and underachievement of commission on sales relating to the collection of water rates £66k.

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	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	YES	NONE	NONE	NONE	NONE

3. Finance

Council Fund

Overall, the Authority is forecasting an overspend of £1,226k 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 £2,784k 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(S) AWARE/CONSULTED
NO

Include any observations here

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